

# **SCHEDULE A**

## **AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF PORT ST JOHNS MUNICIPALITY**



**ANNUAL BUDGET OF**  
**PORT ST JOHNS**  
**MUNICIPALITY**

**2020/21 TO 2022/23**  
**MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

|       |  |       |   |
|-------|--|-------|---|
| BSC   | Budget Steering Committee                        | EXCO  | Executive Committee                           |
| CBD   | Central Business District                        | MFMA  | Municipal Financial Management Act Programme  |
| CFO   | Chief Financial Officer                          | MIG   | Municipal Infrastructure Grant                |
| MM    | Municipal Manager                                | MPRA  | Municipal Properties Rates Act                |
| CPI   | Consumer Price Index                             | MSA   | Municipal Systems Act                         |
| CRRF  | Capital Replacement Reserve Fund                 | MTEF  | Medium-term Expenditure Framework             |
| DBSA  | Development Bank of South Africa                 | MTREF | Medium-term Revenue and Expenditure Framework |
| DoRA  | Division of Revenue Act                          | NKPIs | National Key Performance Indicators           |
| EE    | Employment Equity                                | OHS   | Occupational Health and Safety                |
| M     | Mayor  | OP    | Operational Plan                              |
| FBS   | Free basic services                              | PMS   | Performance Management System                 |
| GAMAP | Generally Accepted Municipal Accounting Practice | PPE   | Property Plant and Equipment                  |
| GDP   | Gross domestic product                           | PPP   | Public Private Partnership                    |
| GFS   | Government Financial Statistics                  | PTIS  | Public Transport Infrastructure System        |
| GRAP  | General Recognised Accounting Practice           | SALGA | South African Local Government Association    |
| HR    | Human Resources                                  | SAPS  | South African Police Service                  |
| IDP   | Integrated Development Plan                      | SDBIP | Service Delivery Budget Implementation Plan   |
| IT    | Information Technology                           | SMME  | Small Micro and Medium Enterprises            |
| km    | kilometre  |       |   |
| KPA   | Key Performance Area                             |       |   |
| KPI   | Key Performance Indicator                        |       |   |
| kWh   | kilowatt   |       |   |
| LED   | Local Economic Development                       |       |   |

## **Part 1 – Annual Budget**

### **1.2 Mayor's Report**

Port St Johns Municipality has a constitutional mandate to deliver services to communities. The IDP (Integrated Development Plan) illustrates integrated strategic planning of the municipality for the 5 years. The IDP review relates to assessing the Municipality's performance against organizational objectives as well as implementation, delivery and taking into consideration new information and changed circumstances. Furthermore the IDP review is looked at in the light of changing internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programmes of the IDP.

The annual revision of the IDP must inform the Municipality's financial and institutional planning and most importantly, the compilation of the annual budget. Section 21 requires the Mayor of a municipality to-coordinate the process for preparing the annual budget, review the municipal integrated development plan and budget related policies. The Mayor ensures that the tabled budget and any revisions of the integrated development plan are mutually consistent and credible. The IDP process in the Municipality should encourage participation of key stakeholders in the different stages of the planning process. In order to allow stakeholders to provide value added inputs to own and commit to the process some underlying factors behind the notion of participation are envisaged.

Formulating this Medium Term Revenue and Expenditure Framework required a team effort, and it is for this purpose that the 2020/21- 2022/23 IDP and Budget have been prepared and are hereby tabled before Council. The plan serves to strengthen the working partnerships between the Council, and administrative leadership of the municipality, so that together we can tackle the formulation of an IDP and MTREF Budget that embodies a three-year outlook, is reflective of Council's commitment to its social and economic goals, and is the outcome of rigorous debate and analysis. The 2020/21 IDP and Budget ensure enhanced accountability in the use of public resources and improving service delivery to our communities. The Municipality recognises the legal prescriptions in as far as community consultation is concerned. In essence, the three processes necessitating synergised community consultation are the IDP process, the Budgeting process and the Performance Management implementation process. Community participation sessions were held with all Municipal wards. A cluster approach was utilized to ensure maximum participation of Councillors, Management and Port St Johns communities.

One of the main features of the IDP process is the involvement of community and stakeholder organisations in the process. Participation of affected and interested parties is very important to ensure that the IDP addresses the real issues that are experienced by the communities of Port St Johns Municipality. The local Newspaper and local Notice Boards and the recently opened Sajonisi Youth Radio station are used to inform stakeholders about the IDP review process and invited interested parties to participate in the representative forums within the Port St Johns Municipal area. Community participation through these forums formed an integral part of the IDP review process, and the finalization of the 2020/21- 2022/23 Medium Term Revenue and Expenditure Framework.

### 1.3 Council Resolutions

On 22 June 2020 the Port st Johns Local Municipality met in the Council Chambers of Port st Johns town Hall to consider the Annual budget of the municipality for the financial year 2020/21. The Council approved and adopted the following resolutions:

1. The Council of Port st Johns Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2020/21 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
    - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
    - 1.2.4. Asset management as contained in Table 26 on page 36; and
    - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Port st Johns Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020:
  - 2.1. the tariffs for property rates – as set out in Annexure A,
  - 2.2. the tariffs for solid waste services – as set out in Annexure A
3. The Council of Port st Johns Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2020 the tariffs for other services.
4. To give proper effect to the municipality's Annual budget, the Council of Port st Johns Local Municipality approves:
  - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.



## 1.4 Executive Summary

The application of sound financial management principles for the compilation of the Port st Johns financial plan is essential and critical to ensure that the Port st Johns remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Port st Johns business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Port st Johns has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers such as enforcing our debt and credit control policy and currently we are in the process of developing Revenue enhancement strategy. Furthermore, the Port st Johns has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No.98 & 99 were used to guide the compilation of the 2020/21 MTREF with the assumption of 4.5% increase.

The main challenges experienced during the compilation of the 2020/21 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Aging and poorly maintained infrastructure;
- Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Salary and Wage increases for municipal staff, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2020/21 MTREF process; and
- Availability of affordable capital/borrowing.
- Municipality has used to use the General Valuation roll 2020/21 that will be approved with the 2020/21 MTREF.

The following budget principles and guidelines directly informed the compilation of the 2020/21 MTREF:

- The 2019/20 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2020/21 Annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk

- water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2020/21 MTREF**

| <b>ANNUAL BUDGET 2020/21 - 2022/23 MEDIUM TERM REVENUE &amp; EXPENDITURE FRAMEWORK</b> |                |                     |                      |                      |
|--|----------------|---------------------|----------------------|----------------------|
|  | <b>2019/20</b> | <b>2020/21</b>      | <b>2021/22</b>       | <b>2022/23</b>       |
| <b>TOTAL REVENUE</b>   | 314,688,426.87 | 290,007,260.07      | 262,385,434.03       | 273,217,289.99       |
| <b>OPERATIONAL EXPENDITURE</b>   | 189,236,744.46 | 182,688,807.09      | 192,200,339.17       | 202,251,273.40       |
| <b>CAPITAL EXPENDITURE</b>   | 125,451,682.41 | 100,984,349.00      | 51,642,521.10        | 51,872,815.07        |
| <b>SURPLUS / DEFICIT</b>   | <b>0.00</b>    | <b>6,334,103.98</b> | <b>18,542,573.76</b> | <b>19,093,201.52</b> |

Total operating revenue has decreased by 7.84 per cent or R24,6 million for the 2020/21 financial year when compared to the 2019/20 Adjustments Budget. For the two outer years, operational revenue has decrease by 9.5 and increased by 4.1 per cent respectively, equating to a total revenue decrease of R27.5 million and increase by R10.9 million over the MTREF when compared to the 2021/222 and 2022/23 financial year.

Total operating expenditure for the 2020/21 financial year has been projected at R182 million and translates into a budgeted surplus of R6.3 million. When compared to the 2019/20 Adjustments Budget, operational expenditure has decrease by 3.5 per cent in the 2020/21 budget and increased by 5.4 and 5.4 per cent for each of the respective outer years of the MTREF. The surplus for the two outer years increased to R18.2 million and then increased to R18.4 million.

The capital budget of R100.9 million for 2020/21 is 19.5 per cent more when compared to the 2019/20 Adjustment Budget. The decrease is due to projects being financed by National treasury has decreased in the MTREF budget. The capital programme decrease to R51 million in the 2021/22 financial year and then evens out in 2022/23 to R51 million. A small portion of the capital budget will be funded from internal revenue over MTREF.

## **1.5 Operating Revenue Framework**

For Port st Johns Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices

have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue enhancement strategy will be built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

EC154 Port St Johns - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description   |   | Ref     | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|---|---------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand  | 1 |         | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Revenue By Source   |   |         |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates  | 2 |         | 7 986           | 8 754           | 9 093           | 8 854                | 8 039           | -                  | -                 | 10 654  | 11 144                 | 11 657                 |
| Service charges - electricity revenue                         | 2 |         | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Service charges - water revenue                               | 2 |         | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Service charges - sanitation revenue                          | 2 |         | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Service charges - refuse revenue                              | 2 |         | 804             | 863             | 1 022           | 1 052                | 1 052           | -                  | -                 | 1 604   | 1 677                  | 1 754                  |
| Rental of facilities and equipment                            |   | 56      |                 | 21              | 13              | 53                   | 20              |                    | -                 | 55  | 58                     | 60                     |
| Interest earned - external investments                        |   | 3 154   |                 | 3 692           | 5 620           | 4 208                | 6 500           |                    | -                 | 4 414   | 4 617                  | 4 830                  |
| Interest earned - outstanding debtors                         |   | 2 737   |                 | 2 024           | 3 654           | 501                  | 4 000           |                    | -                 | 3 516   | 3 677                  | 3 846                  |
| Dividends received  |   | -       |                 | -               | -               | -                    | -               |                    | -                 | -   | -                      | -                      |
| Fines, penalties and forfeits                                 |   | 371     |                 | 356             | 252             | 221                  | 50              |                    | -                 | 52  | 55                     | 57                     |
| Licences and permits  |   | 60      |                 | 47              | 31              | 74                   | 80              |                    | -                 | 85  | 89                     | 93                     |
| Agency services   |   | -       |                 | -               | -               | -                    | -               |                    | -                 | -   | -                      | -                      |
| Transfers and subsidies                                       |   | 131 631 |                 | 128 870         | 142 815         | 160 481              | 162 946         |                    | -                 | 167 370   | 175 069                | 183 122                |
| Other revenue   | 2 |         | 5 956           | 840             | 2 725           | 20 659               | 33 083          |                    | -                 | 16 732  | 17 502                 | 18 307                 |
| Gains   |   | -       |                 | 58              | -               | 74                   | 150             |                    | -                 | 222   | 232                    | 243                    |
| Total Revenue (excluding capital transfers and contributions) |   |         | 152 756         | 145 523         | 165 225         | 196 176              | 215 919         | -                  | -                 | 204 704   | 214 120                | 223 970                |

**Table 3 Percentage growth in revenue by main revenue source**

| Description  | 2020/21 Medium Term Revenue & Expenditure Framework |             |                       |             |                        |             |                        |             |
|--|---|-------------|-----------------------|-------------|------------------------|-------------|------------------------|-------------|
|  | Adjusted Budget 2019/20                             | %           | Budget Year 2020/21   | %           | Budget Year +1 2021/22 | %           | Budget Year +2 2022/23 | %           |
| <b>Revenue By Source</b>   |   |             |                       |             |                        |             |                        |             |
| Property rates   | 8,038,805.00  | 4%          | 10,653,940.00         | 5%          | 11,165,327.00          | 5%          | 11,701,260.00          | 5%          |
| Service charges - electricity revenue                                | -   |             | -                     |             | -                      |             | -                      |             |
| Service charges - water revenue                                      | -   |             | -                     |             | -                      |             | -                      |             |
| Service charges - sanitation revenue                                 | -   |             | -                     |             | -                      |             | -                      |             |
| Service charges - refuse revenue                                     | 1,052,000.00  | 0%          | 1,603,548.00          | 1%          | 1,680,518.00           | 1%          | 1,761,183.00           | 1%          |
| Service charges - other  |   |             |                       |             |                        |             |                        |             |
| Rental of facilities and equipment                                   | 20,000.00   | 0%          | 55,177.00             | 0%          | 57,826.00              | 0%          | 60,602.00              | 0%          |
| Interest earned - external investments                               | 6,500,000.00  | 3%          | 4,414,192.00          | 2%          | 4,626,073.00           | 2%          | 4,848,125.00           | 2%          |
| Interest earned - outstanding debtors                                | 4,000,000.00  | 2%          | 3,515,515.00          | 2%          | 3,684,261.00           | 2%          | 3,861,105.00           | 2%          |
| Dividends received   | -   |             | -                     |             | -                      |             | -                      |             |
| Fines, penalties and forfeits  | 50,000.00   | 0%          | 52,450.00             | 0%          | 54,968.00              | 0%          | 57,606.00              | 0%          |
| Licences and permits   | 80,000.00   | 0%          | 85,000.00             | 0%          | 89,080.00              | 0%          | 93,356.00              | 0%          |
| Agency services  | -   |             | -                     |             | -                      |             | -                      |             |
| Transfers and subsidies  | 162,945,625.00                                      | 75%         | 167,369,999.00        | 82%         | 176,069,600.00         | 82%         | 184,530,086.00         | 82%         |
| Other revenue  | 33,082,663.00                                       | 15%         | 16,732,299.00         | 8%          | 17,535,449.00          | 8%          | 18,377,153.00          | 8%          |
| Gains on disposal of PPE   | 150,000.00  | 0%          | 221,731.00            | 0%          | 232,374.00             |             | 243,528.00             | 0%          |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>215,919,093.00</b>                               | <b>100%</b> | <b>204,703,851.00</b> | <b>100%</b> | <b>215,195,476.00</b>  | <b>100%</b> | <b>225,534,004.00</b>  | <b>100%</b> |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise one third of the total revenue mix. In the 2019/20 financial year, revenue from rates and services charges totaled to R9 million. This has increase to R12,2 million, R12,8 million and R13,4 in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 86). There is huge increase in property rates and service charges due to that the Port St Johns Municipality has developed a new General valuation roll that will be tabled to council before the financial year end. And will be implemented on the 01 July 2020. There were new Properties, Schools and Clinics that were identified and included on the new General Valuation roll.

Property rates is the largest revenue source totaling to R10,6 million rand. The second largest sources is 'other revenue' which consists of various items such as income received from vat refunds, building plan fees, commission fees, grave site fees, claims received and tender fees. Municipality has reviewed the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R167 million in the 2020/21 financial year and steadily increases to R176 million by 2021/22. Note that the year-on-year growth for the 2019/20 financial year is 3 per cent and then flattens out to 5 and 5 per cent in the two outer years.

Rental of facilities has increased in the 2020/21 due to that the municipality has purchase land (Eluxolweni) that have community hall and buildings that can be rented to the public from time to time. Other revenue has decline in 2020/21 financial year due to Vat refunds has decreased to R13 Million compared to 2019/20 financial year VAT refunds was R30 Million. In 2019/20 there were VAT returns for 2018/19 and 2019/20 to be submitted in the same years

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

EC154 Port St Johns - Supporting Table SA18 Transfers and grant receipts

| Description                                     | Ref  | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>RECEIPTS:</b>                                | 1, 2 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating Transfers and Grants</b>           |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                            |      | 120,614         | 128,027         | 139,474         | 156,931              | 156,931         | -                  | 166,870   | 175,572                | 184,012                |
| Local Government Equitable Share                |      | 117,662         | 125,772         | 135,729         | 153,034              | 153,034         |                    | 162,406   | 172,772                | 181,212                |
| Finance Management                              |      | 1,825           | 962             | 1,970           | 2,435                | 2,435           |                    | 2,800   | 2,800                  | 2,800                  |
| EPWP Incentive                                  |      | 1,000           | 1,293           | 1,775           | 1,462                | 1,462           |                    | 1,664   |                        |                        |
| Municipal Systems Improvement                   |      | 127             |                 |                 |                      |                 |                    |   |                        |                        |
| Other transfers/grants (insert description)     |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:                          |      | 300             | 105             | 3,500           | 3,550                | 6,550           | -                  | 550   | 550                    | 573                    |
| Sport and Recreation                            |      | 300             | 105             | 500             | 550                  | 550             |                    | 550   | 550                    | 573                    |
| EPWP Incentive                                  |      |                 |                 | 3,000           | 3,000                | 3,000           |                    |   |                        |                        |
| Eradication of Alien Plant                      |      |                 | -               | -               | -                    | 3,000           |                    | -   |                        |                        |
| District Municipality:                          |      | 2,000           | 700             | -               | -                    | -               | -                  | -   | -                      | -                      |
| Municipal Support programme                     |      | 2,000           | 700             |                 |                      |                 |                    |   |                        |                        |
| Other grant providers:                          |      | 1,010           | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Financial Management support(Local Government)  |      | 1,010           |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Operating Transfers and Grants</b>     | 5    | 123,924         | 128,833         | 142,974         | 160,481              | 163,481         | -                  | 167,420   | 176,122                | 184,585                |
| <b>Capital Transfers and Grants</b>             |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                            |      | 49,781          | 45,746          | 59,645          | 43,547               | 48,476          | -                  | 38,040  | 44,897                 | 45,363                 |
| Municipal Infrastructure Grant (MIG)            |      | 36,781          | 27,746          | 33,705          | 34,345               | 34,345          |                    | 34,134  | 36,864                 | 38,863                 |
| Integrated National Electrification Programme   |      | 13,000          | 18,000          | 25,940          | 9,202                | 14,131          |                    | 3,906   | 8,033                  | 6,500                  |
| Provincial Government:                          |      | -               | 5,181           | 23,775          | 33,780               | 47,545          | -                  | 45,000  | -                      | -                      |
| Small town revitalisation                       |      |                 | 5,181           | 23,775          | 33,780               | 47,545          |                    | 45,000  | -                      |                        |
| District Municipality:                          |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Municipal Support programme                     |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other grant providers:                          |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Financial Management s                          |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Capital Transfers and Grants</b>       | 5    | 49,781          | 50,927          | 83,420          | 77,327               | 96,021          | -                  | 83,040  | 44,897                 | 45,363                 |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b> |      | 173,705         | 179,760         | 226,394         | 237,808              | 259,502         | -                  | 250,460   | 221,019                | 229,948                |



The municipality is expecting to receive the Operational grants of Equitable share R162 Million , Financial management grant R2.8 million , Expanded public works programme R1.6 Million. Also for capital grant expecting to receive Municipal infrastructure grant R34.1 Million, Small town revitalization R45 Million and Intergrated National Electrification programme R3.9 Million from National government and Provincial government. Total for conditional and unconditional grants amount to R250 Million for 2020/21.

Interest on investment is affected by grants that the municipality will receive in the 2020/21 financial year as per Division of revenue act only R250 Million will be received compared to 2019/20 an amount of R259 Million that was received.

### **Tariff structure 2020/21**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

Tariffs have increased by 4.5% in the 2020/21 financial year and two outer years by 4.6%.

#### **1.5.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25 :1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed

the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2020/21 financial year based on a 4.5 per cent increase from 1 July 2020 is contained below:

**Table 5 Comparison of proposed rates to levied for the 2020/21 financial year**

| DIFFERENT CATEGORY OF PROPERTIES   | 2019/2020 | 2020/2021 | %   |
|--|-----------|-----------|-----|
|  | Tariff    | Tariff    |     |
| Per Rand on Valuation of all Residential Properties  | 0.007     | 0.007     | 4.5 |
| Per Rand on Valuation of all Business Properties   | 0.014     | 0.014     | 4.5 |
| Per Rand on Valuation of all Industrial Properties   | 0.015     | 0.015     | 4.5 |
| Per Rand on Valuation of all Government Properties   | 0.014     | 0.014     | 4.5 |
| Per Rand on Valuation of all vacant land (erven) according their zoning  | 0.015     | 0.015     | 4.5 |
| Per Rand on Valuation of all Farms used for Agricultural purposes  | 0.015     | 0.015     | 4.5 |
| Per Rand on Valuation of all Farms used for eco-tourism/conversion   | 0.015     | 0.015     | 4.5 |
| Per Rand on Valuation of all Farms used for trading in/ hunting of game  | 0.015     | 0.015     | 4.5 |
| Per Rand on Valuation of all Public Service Infrastructure   | 0.015     | 0.015     | 4.5 |
| Per Rand on Valuation of all Public Benefif Organisations  |           |           |     |
| Per Rand on Valuation of all Multiple use Properties - Dominant use shall be deemed for determination of rate/tariff |           |           |     |

### 1.5.2 Waste Removal and Impact of Tariff Increases

A 4.9 per cent increase in the waste removal tariff is proposed from 1 July 2020. Higher increases will not be viable in 2020/21 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 4.9 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2020:

**Table 6 Comparison between current waste removal fees and increases**

|  | 2019/2020<br>Tariff | 2020/2021<br>Tariff | %   |
|--|---------------------|---------------------|-----|
| <b>REFUSE REMOVAL (per month for one removal per week)</b> |                     |                     |     |
| Domestic Consumers x1                                      | 106.24              | 111.02              | 4.5 |
| SME'S Commercial Consumers x7                              | 741.09              | 774.44              | 4.5 |
| Large Commercial Consumers x7                              | 1,481.37            | 1,548.04            | 4.5 |
| Government/Hospitals//Hostels/Schools/Flats x5             | 529.10              | 552.91              | 4.5 |
| Bed & Breakfast  | 211.61              | 221.13              | 4.5 |
| Holiday resorts  | 423.24              | 442.29              | 4.5 |
| Rubble per load  | 395.63              | 413.43              | 4.5 |
| Garden Refuse Removal per load                             | 237.36              | 248.04              | 4.5 |

The tariff is based on 85L Bin/bag 1per week

### 1.5.3 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

**Table 7 MBRR Table SA14 – Household bills**

EC154 Port St Johns - Supporting Table SA14 Household bills

| Description   | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                     |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year % Incr.                                 | Budget Year 2020/21 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Rand/cent   |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Monthly Account for Household - 'Middle Income Range' | 1   |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Rates and services charges:                           |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Property rates  |     | 7,986,122.00    | 8,754,396.00    | 9,082,763.00    | 8,853,632.00         |                 |                    |   | 10,653,940.00       | 11,165,327.00          | 11,701,260.00          |
| Electricity: Basic levy                               |     |                 |                 |                 |                      |                 |                    |   | -                   | -                      | -                      |
| Electricity: Consumption                              |     |                 |                 |                 |                      |                 |                    |   | -                   | -                      | -                      |
| Water: Basic levy                                     |     |                 |                 |                 |                      |                 |                    |   | -                   | -                      | -                      |
| Water: Consumption                                    |     |                 |                 |                 |                      |                 |                    |   | 1,603,548.00        | 1,680,518.00           | 1,761,183.00           |
| Sanitation  |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Refuse removal  |     | 804,399.00      | 862,744.00      | 1,021,941.00    | 1,052,000.00         |                 |                    |   |                     |                        |                        |
| Other   |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| sub-total   |     | 8,790,521.00    | 9,617,140.00    | 10,114,704.00   | 9,905,632.00         | -               | -                  | 23.7%   | 12,257,488.00       | 12,845,845.00          | 13,462,443.00          |
| VAT on Services                                       |     |                 |                 |                 |                      |                 |                    |   |                     |                        |                        |
| Total large household bill:                           |     | 8,790,521.00    | 9,617,140.00    | 10,114,704.00   | 9,905,632.00         | -               | -                  | 23.7%   | 12,257,488.00       | 12,845,845.00          | 13,462,443.00          |
| % Increase/decrease                                   |     |                 | 9.4%            | 5.2%            | (2.1%)               | (100.0%)        | -                  |   | -                   | 4.6%                   | 4.6%                   |

## 1.6 Operating Expenditure Framework

The Municipality's expenditure framework for the 2020/21 budget and MTREF is informed by the following:

- The asset management policy and Draft maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset management policy;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.
- Application of Cost containment regulations and cost containment measures circular 97.

The following table is a high level summary of the 2020/21 budget and MTREF (classified per main type of operating expenditure):

**Table 8 Summary of operating expenditure by standard classification item**

| Expenditure By Type   |      |         |          |          |          |          |   |   |          |          |          |
|---|------|---------|----------|----------|----------|----------|---|---|----------|----------|----------|
| Employee related costs  | 2    | 59,208  | 71,014   | 71,156   | 80,300   | 80,999   | - | - | 63,842   | 66,779   | 69,851   |
| Remuneration of councillors   |      | 11,533  | 14,266   | 13,436   | 11,504   | 12,036   |   |   | 13,477   | 14,097   | 14,745   |
| Debt impairment   | 3    | 3,067   | 7,205    | 4,397    | 6,640    | 5,000    |   |   | 5,000    | 5,230    | 5,471    |
| Depreciation & asset impairment   | 2    | 26,357  | 31,302   | 34,334   | 43,881   | 36,038   | - | - | 37,785   | 39,523   | 41,341   |
| Finance charges   |      | 1,503   | 1,689    | 2,098    | 382      | 282      |   |   | 451      | 471      | 493      |
| Bulk purchases  | 2    | -       | -        | -        | -        | -        | - | - | -        | -        | -        |
| Other materials   | 8    | 3,373   | -        | -        | 90       | 65       |   |   | 294      | 308      | 322      |
| Contracted services   |      | 10,031  | 5,548    | 5,752    | 7,929    | 13,542   | - | - | 14,905   | 15,590   | 16,307   |
| Transfers and subsidies   |      | -       | -        | -        | 8,909    | 8,909    | - | - | 14,740   | 15,418   | 16,127   |
| Other expenditure   | 4, 5 | 37,937  | 46,193   | 61,004   | 64,143   | 73,369   | - | - | 76,735   | 80,265   | 83,957   |
| Losses  |      | 1,118   | -        | 383      | -        | -        | - | - | -        | -        | -        |
| Total Expenditure   |      | 154,128 | 177,217  | 192,560  | 223,778  | 230,239  | - | - | 227,228  | 237,680  | 248,613  |
| Surplus/(Deficit)   |      | (1,372) | (31,694) | (27,335) | (27,602) | (14,320) | - | - | (22,524) | (23,560) | (24,644) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)   |      | 49,781  | 50,927   | 93,325   | 77,327   | 96,021   |   |   | 83,040   | 86,860   | 90,855   |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | 6    | -       | -        | -        | -        | -        | - | - | -        | -        | -        |
| Transfers and subsidies - capital (in-kind - all)   |      | -       | -        | -        | -        | -        | - | - | -        | -        | -        |
| Surplus/(Deficit) after capital transfers & contributions   |      | 48,409  | 19,233   | 65,990   | 49,725   | 81,701   | - | - | 60,516   | 63,300   | 66,212   |
| Taxation  |      | -       | -        | -        | -        | -        | - | - | -        | -        | -        |
| Surplus/(Deficit) after taxation  |      | 48,409  | 19,233   | 65,990   | 49,725   | 81,701   | - | - | 60,516   | 63,300   | 66,212   |
| Attributable to minorities  |      | -       | -        | -        | -        | -        | - | - | -        | -        | -        |
| Surplus/(Deficit) attributable to municipality  |      | 48,409  | 19,233   | 65,990   | 49,725   | 81,701   | - | - | 60,516   | 63,300   | 66,212   |
| Share of surplus/ (deficit) of associate  | 7    | -       | -        | -        | -        | -        | - | - | -        | -        | -        |
| Surplus/(Deficit) for the year  |      | 48,409  | 19,233   | 65,990   | 49,725   | 81,701   | - | - | 60,516   | 63,300   | 66,212   |

The budgeted allocation for employee related costs for the 2020/21 financial year totals R63 million, which equals 34 per cent of the total operating expenditure. There is significant decrease on employee related costs due to that, municipality has developed a new organizational structure and later prioritize critical posts and filled posts in the 2020/21 financial year. Based on the collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.25 per cent for the 2020/21 financial year. An annual increase of 6.25 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. The budgeted allocation for Remuneration of councillors for the 2020/21 financial year totals R13.4 million.

The provision of debt impairment was determined based on an annual collection rate of 61 per cent and the Debt Write-off Policy of the municipality. For the 2020/21 financial year this amount equates to R5 million and escalates to R5.4million by 2022/23. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R37.7 million for the 2020/21 financial and equates to 21 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. Debt impairment has not changed due to that in the 2019/20 there was no debt written off and submitted to council.

Finance charges consist primarily of the repayment of interest on bank charges and interest paid on overdue accounts (due to delay of submission of invoices by creditors). Finance charges amount to (450,588) of operating expenditure.

As part of the compilation of the 2020/21 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2020/21 financial year, this group of expenditure totals R14.9 Million and has decreased, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 5.4 and 5.4 per cent.

Contracted services are detailed below for budget and treasury office.

| <b>BUDGET AND TREASURY OFFICE</b>                                    |               |             |
|--|---------------|-------------|
| <b>PROJECT NAME</b>  | <b>BUDGET</b> | <b>WARD</b> |
| Revenue enhancement strategy   | R1,500,000    | 1-20        |
| Debt collection  | R500,000      | 6           |
| Provision of Free basic services                                     | R6,294,000    | 1-20        |
| Compilation of General and Supplementary valuation roll              | R300,000      | 6           |
| Compilation of Annual financial statements and Infrastructure assets | R5000,000     | 1-20        |
| VAT recovery services for a period of 2 years                        | R3,600,000    | 1-20        |
|  |               |             |

Due to limited and shortage of staff in the budget and treasury office there is a need for a specialized service provider to assist the municipality General Valuation roll, Preparation of



Annual Financial Statements and compilation of infrastructure asset register and Revenue enhancement strategy.

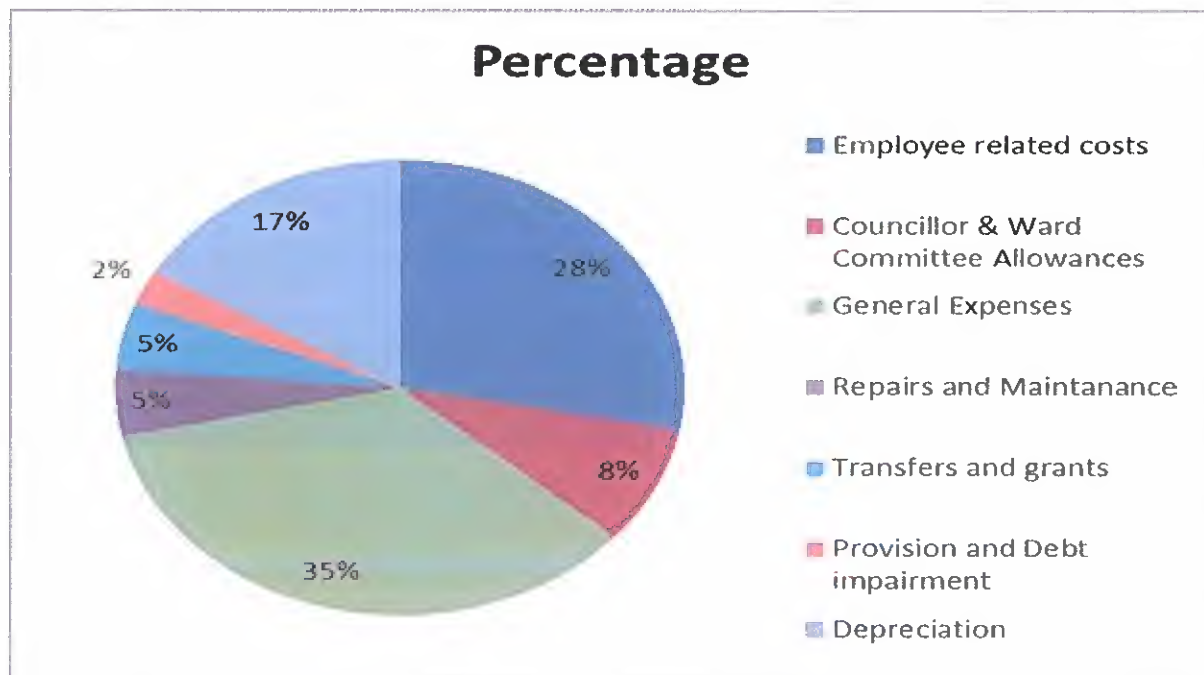
Other material has increased due to that there will be material to purchase related to Printing and stationery, wellness of employees, Maintenance of Sport ground Facilities, Cleaning campaign and Maintenance of Street lights etc.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Port st Johns Municipality has cost containment measure policy and cost containment measure regulations which were tabled to council for implementation. Consumables and beverages has been kept for all departments at R2000. Growth has been limited to 4.5 per cent for 2020/21 and two outer years at 4.6%, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 86).

Transfers and subsidies relate to grants to be transferred to the Port st Johns Development agency they have submitted business plan to the Municipality.

The following table gives a breakdown of the main expenditure categories for the 2020/21 financial year.

**Figure 1 Main operational expenditure categories for the 2020/21 financial year**



### 1.7 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 9 Operational repairs and maintenance**

|  |          |              |              |              |              |              |          |          |               |               |               |
|--|----------|--------------|--------------|--------------|--------------|--------------|----------|----------|---------------|---------------|---------------|
| <b>Repairs and Maintenance</b>                   | <b>8</b> |              |              |              |              |              |          |          |               |               |               |
| Employee related costs                           |          | -            | -            | -            | -            | -            | -        | -        | -             | -             | -             |
| Other materials                                  |          | -            | -            | -            | -            | -            | -        | -        | -             | -             | -             |
| Contracted Services                              |          | -            | -            | -            | -            | -            | -        | -        | -             | -             | -             |
| Other Expenditure                                |          | 3,373        | 3,821        | 4,227        | 9,174        | 9,174        | -        | -        | 10,618        | 11,107        | 11,617        |
| <b>Total Repairs and Maintenance Expenditure</b> | <b>9</b> | <b>3,373</b> | <b>3,821</b> | <b>4,227</b> | <b>9,174</b> | <b>9,174</b> | <b>-</b> | <b>-</b> | <b>10,618</b> | <b>11,107</b> | <b>11,617</b> |

During the compilation of the 2020/21 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. In terms of the Municipal Budget and Reporting Regulations, repairs and maintenance has a norm and must be 8% of property plant and equipment, however in our municipality we have a percentage of 2% in the 2020/21 due to limited funding and there are future plans to increase our budget of repairs and maintenance in the final budget to be adopted in June 2020.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

**Table 10 Repairs and maintenance per asset class**

|   |          |              |              |              |              |              |          |               |               |               |
|---|----------|--------------|--------------|--------------|--------------|--------------|----------|---------------|---------------|---------------|
| <b>Repairs and Maintenance by Asset Class</b> | <b>3</b> | <b>3,373</b> | <b>3,821</b> | <b>4,227</b> | <b>9,174</b> | <b>9,174</b> | <b>-</b> | <b>10,618</b> | <b>11,107</b> | <b>11,617</b> |
| Roads Infrastructure                          |          | -            | -            | -            | -            | -            | -        | 430           | 450           | 471           |
| Storm water Infrastructure                    |          | 3,373        | 3,821        | 4,227        | 9,174        | 9,174        | -        | 6,622         | 6,927         | 7,245         |
| Electrical Infrastructure                     |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Water Supply Infrastructure                   |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Sanitation Infrastructure                     |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Solid Waste Infrastructure                    |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Rail Infrastructure                           |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Coastal Infrastructure                        |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Information and Communication Infrastructure  |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| <b>Infrastructure</b>                         |          | <b>3,373</b> | <b>3,821</b> | <b>4,227</b> | <b>9,174</b> | <b>9,174</b> | <b>-</b> | <b>7,052</b>  | <b>7,377</b>  | <b>7,716</b>  |
| Community Facilities                          |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Sport and Recreation Facilities               |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Community Assets                              |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Heritage Assets                               |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Revenue Generating                            |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Non-revenue Generating                        |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| <b>Investment properties</b>                  |          | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      |
| Operational Buildings                         |          | -            | -            | -            | -            | -            | -        | 962           | 1,006         | 1,052         |
| Housing                                       |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| <b>Other Assets</b>                           |          | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b> | <b>962</b>    | <b>1,006</b>  | <b>1,052</b>  |
| Biological or Cultivated Assets               |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Servitudes                                    |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Licences and Rights                           |          | -            | -            | -            | -            | -            | -        | 935           | 978           | 1,023         |
| <b>Intangible Assets</b>                      |          | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b> | <b>935</b>    | <b>978</b>    | <b>1,023</b>  |
| Computer Equipment                            |          | -            | -            | -            | -            | -            | -        | 200           | 209           | 219           |
| Furniture and Office Equipment                |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Machinery and Equipment                       |          | -            | -            | -            | -            | -            | -        | 1,469         | 1,536         | 1,607         |
| Transport Assets                              |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Land  |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |
| Zoo's, Marine and Non-biological Animals      |          | -            | -            | -            | -            | -            | -        | -             | -             | -             |

## 1.8 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Port st Johns Municipality's Indigent Policy. The target is to register

15000 or more indigent households during the 2020/21 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 33.

The cost of the social package of the registered indigent households is financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.9 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 11 2020/21 Medium-term capital budget per vote**

| Vote Description                    | Current year          |             | 2020/21 Medium Term Revenue & Expenditure Framework |             |                        |             |                        |             |
|-------------------------------------|-----------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
|                                     | Adjusted Budget       | %           | Budget Year 2020/21                                 | %           | Budget Year +1 2021/22 | %           | Budget Year +2 2022/23 | %           |
| <b>R thousand</b>                   |                       |             |   |             |                        |             |                        |             |
| <b>Capital Expenditure</b>          |                       |             |   |             |                        |             |                        |             |
| Governance and administration       | 20,208,333.00         | 16%         | 5,964,500.00  | 6%          | 6,239,548.00           | 6%          | 6,525,855.00           | 6%          |
| Executive and council               | 19,630,000.00         | 16%         | 340,000.00  | 0%          | 356,320.00             | 0%          | 372,000.00             | 0%          |
| Finance and administration          | 578,333.00            | 0%          | 5,624,500.00  | 6%          | 5,883,228.00           | 6%          | 6,153,855.00           | 6%          |
| Internal audit                      |                       |             |   |             |                        |             |                        |             |
| Community and public safety         | 2,170,800.00          | 2%          | 5,422,600.00  | 5%          | 5,672,040.00           | 5%          | 5,932,953.00           | 5%          |
| Community and social services       | 2,170,800.00          | 2%          | 5,422,600.00  | 5%          | 5,672,040.00           | 5%          | 5,932,953.00           | 5%          |
| Sport and recreation                |                       |             |   |             |                        |             |                        |             |
| Public safety                       |                       |             |   |             |                        |             |                        |             |
| Housing                             |                       |             |   |             |                        |             |                        |             |
| Health                              |                       |             |   |             |                        |             |                        |             |
| Economic and environmental services | 103,002,550.00        | 82%         | 87,597,249.00                                       | 88%         | 91,626,828.00          | 88%         | 95,841,769.00          | 88%         |
| Planning and development            | 50,000.00             | 0%          | 52,500.00   | 0.00        | 55,020.00              | 0%          | 57,661.00              | 0%          |
| Road transport                      | 102,952,550.00        | 82%         | 87,544,749.00                                       | 88%         | 91,571,808.00          | 88%         | 95,784,108.00          | 88%         |
| Environmental protection            |                       |             |   |             |                        |             |                        |             |
| Trading services                    |                       |             |   |             |                        |             |                        |             |
| Energy sources                      |                       |             |   |             |                        |             |                        |             |
| Water management                    |                       |             |   |             |                        |             |                        |             |
| Waste water management              |                       |             |   |             |                        |             |                        |             |
| Waste management                    |                       |             |   |             |                        |             |                        |             |
| Other                               |                       |             |   |             |                        |             |                        |             |
| <b>Total Capital Expenditure</b>    | <b>125,381,683.00</b> | <b>100%</b> | <b>98,984,349.00</b>                                | <b>100%</b> | <b>103,538,416.00</b>  | <b>100%</b> | <b>108,300,577.00</b>  | <b>100%</b> |

For 2020/21 an amount of R87 million has been appropriated for the development of infrastructure which represents 88 per cent of the total capital budget. In the outer years this amount totals R91 million, 88 per cent and R95 million, 88 per cent respectively for each of the financial years.

Total new assets represent 12 per cent or R 11 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 31. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the projects to be undertaken over the 2020/21 and in the two outer years and financed by internally generated funds amongst others:

- GIS installation and maintenance – R1.5 Million;
- Construction of animal Pound R2,4 Million;
- Renovation of Community Halls R1 Million;
- DLTC Testing ground R1 Million;
- Computers and accessories – R585 thousand
- ICT Infrastructure upgrade – R 2 Million
- Purchase of Plant and vehicles – R5,7 Million

### **1.10 Future operational cost of new infrastructure**

The future operational costs associated with the capital programme have been included in Table 61 MBRR SA35 on page 78.

### **1.11 Annual Budget Tables - Parent Municipality**

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2020/21 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

## EC154 Port St Johns - Table A1 Budget Summary

| Description  | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year #1 2021/22 | Budget Year #2 2022/23 |
| <b>R thousands</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Financial Performance</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 7,988           | 8,754           | 8,093           | 8,854                | 8,039           | -                  | -                 | 10,654  | 11,144                 | 11,657                 |
| Service charges  | 804             | 863             | 1,022           | 1,052                | 1,052           | -                  | -                 | 1,604   | 1,677                  | 1,754                  |
| Investment revenue   | 3,154           | 3,892           | 5,620           | 4,208                | 8,500           | -                  | -                 | 4,414   | 4,617                  | 4,830                  |
| Transfers recognised - operational   | 131,631         | 128,870         | 142,815         | 160,481              | 182,946         | -                  | -                 | 167,370   | 175,069                | 183,122                |
| Other own revenue  | 9,180           | 3,344           | 6,675           | 21,582               | 37,383          | -                  | -                 | 20,662  | 21,613                 | 22,607                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   | <b>152,756</b>  | <b>145,523</b>  | <b>165,225</b>  | <b>196,178</b>       | <b>215,919</b>  | -                  | -                 | <b>204,704</b>                                      | <b>214,120</b>         | <b>223,970</b>         |
| Employee costs   | 59,208          | 71,014          | 71,156          | 80,300               | 80,999          | -                  | -                 | 63,842  | 66,779                 | 69,851                 |
| Remuneration of councillors  | 11,533          | 14,266          | 13,436          | 11,504               | 12,036          | -                  | -                 | 13,477  | 14,097                 | 14,745                 |
| Depreciation & asset impairment  | 26,357          | 31,302          | 34,334          | 43,881               | 38,038          | -                  | -                 | 37,785  | 39,523                 | 41,341                 |
| Finance charges  | 1,503           | 1,689           | 2,098           | 382                  | 282             | -                  | -                 | 451   | 471                    | 493                    |
| Materials and bulk purchases   | 3,373           | -               | -               | 90                   | 85              | -                  | -                 | 294   | 308                    | 322                    |
| Transfers and grants   | -               | -               | -               | 8,909                | 8,909           | -                  | -                 | 14,740  | 15,418                 | 16,127                 |
| Other expenditure  | 52,154          | 58,947          | 71,537          | 78,713               | 91,911          | -                  | -                 | 98,639  | 101,085                | 105,735                |
| <b>Total Expenditure</b>   | <b>154,128</b>  | <b>177,217</b>  | <b>192,560</b>  | <b>223,778</b>       | <b>230,239</b>  | -                  | -                 | <b>227,228</b>                                      | <b>237,680</b>         | <b>248,613</b>         |
| <b>Surplus/(Deficit)</b>   | <b>(1,372)</b>  | <b>(31,694)</b> | <b>(27,335)</b> | <b>(27,602)</b>      | <b>(14,320)</b> | -                  | -                 | <b>(22,524)</b>                                     | <b>(23,560)</b>        | <b>(24,644)</b>        |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | 49,781          | 50,927          | 93,325          | 77,327               | 98,021          | -                  | -                 | 83,040  | 86,880                 | 90,855                 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all) | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   | <b>48,409</b>   | <b>19,233</b>   | <b>65,990</b>   | <b>49,725</b>        | <b>81,701</b>   | -                  | -                 | <b>60,516</b>                                       | <b>83,300</b>          | <b>88,212</b>          |
| Share of surplus/ (deficit) of associates  | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>  | <b>48,409</b>   | <b>19,233</b>   | <b>65,990</b>   | <b>49,725</b>        | <b>81,701</b>   | -                  | -                 | <b>60,516</b>                                       | <b>83,300</b>          | <b>88,212</b>          |
| <b>Capital expenditure &amp; funds sources</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital expenditure  | 51,931          | 48,118          | 87,834          | 102,480              | 125,382         | -                  | -                 | 98,984  | 103,538                | 108,300                |
| Transfers recognised - capital   | 45,081          | 42,588          | 80,222          | 77,327               | 98,021          | -                  | -                 | 83,040  | 86,880                 | 90,855                 |
| Borrowing  | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Internally generated funds   | 6,850           | 5,530           | 7,612           | 25,133               | 29,361          | -                  | -                 | 15,944  | 16,678                 | 17,445                 |
| <b>Total sources of capital funds</b>  | <b>51,931</b>   | <b>48,118</b>   | <b>87,834</b>   | <b>102,480</b>       | <b>125,382</b>  | -                  | -                 | <b>98,984</b>                                       | <b>103,538</b>         | <b>108,300</b>         |
| <b>Financial position</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total current assets   | 60,943          | 71,595          | 87,234          | 78,607               | 83,080          | -                  | -                 | 88,133  | 90,095                 | 94,239                 |
| Total non current assets   | 406,755         | 423,034         | 478,307         | 499,158              | 515,608         | -                  | -                 | 461,941   | 483,191                | 505,417                |
| Total current liabilities  | 33,040          | 44,017          | 47,099          | 20,569               | 21,069          | -                  | -                 | 51,522  | 53,972                 | 56,539                 |
| Total non current liabilities  | 8,359           | 16,458          | 18,097          | 9,927                | 9,927           | -                  | -                 | 5,583   | 5,840                  | 6,109                  |
| Community wealth/Equity  | 425,299         | 434,156         | 498,345         | 545,270              | 567,693         | -                  | -                 | 457,496   | 478,541                | 496,178                |
| <b>Cash flows</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net cash from (used) operating   | 84,448          | 47,903          | 77,077          | 47,028               | 40,295          | -                  | -                 | 369,715   | 388,722                | 404,512                |
| Net cash from (used) investing   | (51,469)        | (48,992)        | (87,633)        | (102,480)            | (122,578)       | -                  | -                 | (100,984)   | (105,830)              | (110,489)              |
| Net cash from (used) financing   | -               | (138)           | (434)           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash/cash equivalents at the year end</b>   | <b>70,272</b>   | <b>50,375</b>   | <b>46,919</b>   | <b>35,519</b>        | <b>1,326</b>    | -                  | -                 | <b>360,020</b>                                      | <b>641,112</b>         | <b>935,135</b>         |
| <b>Cash backing/surplus reconciliation</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash and investments available   | 49,602          | 57,909          | 57,309          | 58,134               | 64,778          | -                  | -                 | 57,309  | 59,945                 | 62,702                 |
| Application of cash and investments  | 15,583          | 24,223          | 18,408          | 11,610               | 17,544          | -                  | -                 | 12,489  | 13,144                 | 13,832                 |
| <b>Balance - surplus (shortfall)</b>   | <b>34,019</b>   | <b>33,686</b>   | <b>38,901</b>   | <b>46,524</b>        | <b>47,234</b>   | -                  | -                 | <b>44,820</b>                                       | <b>46,801</b>          | <b>48,870</b>          |
| <b>Asset management</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Asset register summary (MDV)   | 286,852         | 423,034         | 476,307         | 351,782              | 358,315         | -                  | -                 | 310,202   | 324,471                | 339,397                |
| Depreciation   | -               | 4,112           | 33,558          | 43,881               | 36,038          | -                  | -                 | 37,785  | 39,523                 | 41,341                 |
| Renewal and Upgrading of Existing Assets   | -               | 212,449         | (153,855)       | -                    | 100,483         | -                  | -                 | 85,704  | 89,648                 | 93,770                 |
| Repairs and Maintenance  | 3,373           | 3,821           | 4,227           | 9,174                | 9,174           | -                  | -                 | 10,618  | 11,107                 | 11,617                 |
| <b>Free services</b>   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cost of Free Basic Services provided   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Revenue cost of free services provided   | -               | -               | -               | 2,213                | 2,213           | -                  | 2,213             | 2,213   | 2,315                  | 2,422                  |
| <b>Households below minimum service level</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Water:   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Sanitation/sewerage:   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Energy:  | 2,000           | 3,500           | 3,500           | 5,000                | 5,230           | -                  | 6,294             | 6,294   | 6,598                  | 6,888                  |
| Refuse:  | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |



**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Port st Johns municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF if you exclude non cash items.
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2020/21, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs

**Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

EC154 Port St Johns - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

| Functional Classification Description      | Ref      | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |          | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>R thousand</b>                          | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Revenue - Functional</b>                |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Governance and administration</i>       |          | 151,951         | 144,660         | 159,086         | 93,063               | 110,013         | -                  | 98,077  | 102,589                | 107,308                |
| Executive and council                      |          | -               | -               | -               | 35,896               | 35,896          | -                  | 38,094  | 39,846                 | 41,679                 |
| Finance and administration                 |          | 151,951         | 144,660         | 159,086         | 57,168               | 74,117          | -                  | 59,983  | 62,742                 | 66,629                 |
| Internal audit                             |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Community and public safety</i>         |          | -               | -               | 3,196           | 13,850               | 13,643          | -                  | 14,481  | 15,147                 | 15,844                 |
| Community and social services              |          | -               | -               | 3,196           | 13,850               | 13,643          | -                  | 14,481  | 15,147                 | 15,844                 |
| Sport and recreation                       |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Public safety                              |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing                                    |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Health                                     |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Economic and environmental services</i> |          | 49,781          | 50,927          | 95,245          | 165,538              | 187,232         | -                  | 173,582   | 181,567                | 189,919                |
| Planning and development                   |          | -               | -               | -               | 9,977                | 12,977          | -                  | 10,588  | 11,076                 | 11,585                 |
| Road transport                             |          | 49,781          | 50,927          | 95,245          | 155,561              | 174,255         | -                  | 162,994   | 170,492                | 178,334                |
| Environmental protection                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Trading services</i>                    |          | 804             | 863             | 1,022           | 1,052                | 1,052           | -                  | 1,604   | 1,677                  | 1,754                  |
| Energy sources                             |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water management                           |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste water management                     |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste management                           |          | 804             | 863             | 1,022           | 1,052                | 1,052           | -                  | 1,604   | 1,677                  | 1,754                  |
| Other                                      | 4        | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Revenue - Functional</b>          | <b>2</b> | <b>202,537</b>  | <b>196,450</b>  | <b>258,550</b>  | <b>273,503</b>       | <b>311,940</b>  | <b>-</b>           | <b>287,744</b>                                      | <b>300,980</b>         | <b>314,825</b>         |
| <b>Expenditure - Functional</b>            |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Governance and administration</i>       |          | 108,704         | 83,833          | 94,248          | 114,004              | 121,563         | -                  | 115,407   | 120,716                | 126,269                |
| Executive and council                      |          | 38,288          | 41,171          | 43,899          | 53,080               | 58,035          | -                  | 63,744  | 66,676                 | 69,743                 |
| Finance and administration                 |          | 70,415          | 42,662          | 50,349          | 60,924               | 63,528          | -                  | 51,664  | 54,040                 | 56,526                 |
| Internal audit                             |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Community and public safety</i>         |          | 23,008          | 25,980          | 27,824          | 33,997               | 33,386          | -                  | 28,569  | 29,883                 | 31,257                 |
| Community and social services              |          | 23,008          | 25,980          | 27,824          | 33,997               | 33,386          | -                  | 28,569  | 29,883                 | 31,257                 |
| Sport and recreation                       |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Public safety                              |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing                                    |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Health                                     |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Economic and environmental services</i> |          | 22,416          | 67,404          | 70,488          | 75,777               | 75,290          | -                  | 83,252  | 87,081                 | 91,087                 |
| Planning and development                   |          | 10,109          | 18,416          | 15,386          | 15,559               | 18,371          | -                  | 20,270  | 21,203                 | 22,178                 |
| Road transport                             |          | 12,307          | 48,989          | 55,103          | 60,218               | 56,919          | -                  | 62,981  | 65,878                 | 68,909                 |
| Environmental protection                   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Trading services</i>                    |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Energy sources                             |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water management                           |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste water management                     |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste management                           |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other                                      | 4        | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Expenditure - Functional</b>      | <b>3</b> | <b>154,128</b>  | <b>177,217</b>  | <b>192,560</b>  | <b>223,778</b>       | <b>230,239</b>  | <b>-</b>           | <b>227,228</b>                                      | <b>237,680</b>         | <b>248,613</b>         |
| <b>Surplus/(Deficit) for the year</b>      |          | <b>48,409</b>   | <b>19,233</b>   | <b>65,990</b>   | <b>49,725</b>        | <b>81,701</b>   | <b>-</b>           | <b>60,516</b>                                       | <b>63,300</b>          | <b>66,212</b>          |

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital)
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Finance and administration.

**Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)****EC154 Port St Johns - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

| Vote Description                              | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand                                    |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Revenue by Vote                               | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - Executive AND Council (20: IE)       |     | -               | -               | -               | 24,908               | 24,908          | -                  | 26,434  | 27,650                 | 28,921                 |
| Vote 2 - LED (21: IE)                         |     | -               | -               | -               | 9,977                | 12,977          | -                  | 10,588  | 11,076                 | 11,585                 |
| Vote 3 - Municipal Manager (22: IE)           |     | -               | -               | -               | 10,987               | 10,987          | -                  | 11,660  | 12,197                 | 12,758                 |
| Vote 4 - Corporate Services (23: IE)          |     | -               | -               | -               | 7,965                | 7,965           | -                  | 8,438   | 8,826                  | 9,232                  |
| Vote 5 - Community Services (24: IE)          |     | 804             | 863             | 4,218           | 14,902               | 14,695          | -                  | 13,821  | 14,457                 | 15,122                 |
| Vote 6 - Financial Services (26: IE)          |     | 151,951         | 144,660         | 159,086         | 49,203               | 66,153          | -                  | 53,808  | 56,284                 | 58,873                 |
| Vote 7 - Infrastructural Engineering (28: IE) |     | 49,781          | 50,927          | 95,245          | 155,561              | 174,255         | -                  | 117,994   | 123,422                | 129,099                |
| Total Revenue by Vote                         | 2   | 202,537         | 196,450         | 258,550         | 273,503              | 311,940         | -                  | 242,744   | 253,910                | 265,590                |
| Expenditure by Vote to be appropriated        | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - Executive AND Council (20: IE)       |     | 38,288          | 41,171          | 43,899          | 28,818               | 31,869          | -                  | 41,652  | 43,568                 | 45,572                 |
| Vote 2 - LED (21: IE)                         |     | 10,109          | 18,416          | 15,386          | 15,559               | 15,621          | -                  | 20,270  | 21,203                 | 22,178                 |
| Vote 3 - Municipal Manager (22: IE)           |     | -               | -               | -               | 24,262               | 26,167          | -                  | 22,092  | 23,108                 | 24,171                 |
| Vote 4 - Corporate Services (23: IE)          |     | 12,694          | 14,160          | -               | 20,252               | 22,221          | -                  | 15,404  | 16,113                 | 16,854                 |
| Vote 5 - Community Services (24: IE)          |     | 23,008          | 25,980          | 27,824          | 33,997               | 33,386          | -                  | 37,014  | 38,717                 | 40,498                 |
| Vote 6 - Financial Services (26: IE)          |     | 57,721          | 28,503          | 50,349          | 40,672               | 41,307          | -                  | 27,814  | 29,093                 | 30,431                 |
| Vote 7 - Infrastructural Engineering (28: IE) |     | 12,307          | 48,989          | 55,103          | 60,218               | 56,919          | -                  | 62,981  | 65,878                 | 68,909                 |
| Total Expenditure by Vote                     | 2   | 154,128         | 177,217         | 192,560         | 223,778              | 227,489         | -                  | 227,228   | 237,680                | 248,613                |
| Surplus/(Deficit) for the year                | 2   | 48,409          | 19,233          | 65,990          | 49,725               | 84,451          | -                  | 15,516  | 16,230                 | 16,976                 |

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

EC154 Port St Johns - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description  |      | Ref             | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|------|-----------------|-----------------|-----------------|-----------------|----------------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand   | 1    | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget      | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Revenue By Source  |      |                 |                 |                 |                 |                      |                    |                   |   |                        |                        |
| Property rates   | 2    | 7,986           | 8,754           | 9,093           | 8,854           | 8,039                | -                  | -                 | 10,654  | 11,144                 | 11,657                 |
| Service charges - electricity revenue  | 2    | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Service charges - water revenue  | 2    | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Service charges - sanitation revenue   | 2    | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Service charges - refuse revenue   | 2    | 804             | 863             | 1,022           | 1,052           | 1,052                | -                  | -                 | 1,604   | 1,677                  | 1,784                  |
| Rental of facilities and equipment   |      | 56              | 21              | 13              | 53              | 20                   | -                  | -                 | 55  | 58                     | 60                     |
| Interest earned - external investments   |      | 3,154           | 3,692           | 5,620           | 4,208           | 6,500                | -                  | -                 | 4,414   | 4,617                  | 4,830                  |
| Interest earned - outstanding debtors  |      | 2,737           | 2,024           | 3,654           | 501             | 4,000                | -                  | -                 | 3,516   | 3,677                  | 3,846                  |
| Dividends received   |      | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Fines, penalties and forfeits  |      | 371             | 356             | 252             | 221             | 50                   | -                  | -                 | 52  | 55                     | 57                     |
| Licences and permits   |      | 60              | 47              | 31              | 74              | 80                   | -                  | -                 | 85  | 89                     | 93                     |
| Agency services  |      | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Transfers and subsidies  |      | 131,631         | 128,870         | 142,815         | 160,481         | 162,946              | -                  | -                 | 167,370   | 175,069                | 183,122                |
| Other revenue  | 2    | 5,956           | 840             | 2,725           | 20,659          | 33,083               | -                  | -                 | 16,732  | 17,502                 | 18,307                 |
| Gains  |      | -               | 58              | -               | 74              | 150                  | -                  | -                 | 222   | 232                    | 243                    |
| Total Revenue (excluding capital transfers and contributions)  |      | 152,756         | 145,523         | 165,225         | 196,176         | 215,919              | -                  | -                 | 204,704   | 214,120                | 223,970                |
| Expenditure By Type  |      |                 |                 |                 |                 |                      |                    |                   |   |                        |                        |
| Employee related costs   | 2    | 59,208          | 71,014          | 71,156          | 80,300          | 80,999               | -                  | -                 | 63,842  | 66,779                 | 69,851                 |
| Remuneration of councillors  |      | 11,533          | 14,266          | 13,436          | 11,504          | 12,036               | -                  | -                 | 13,477  | 14,097                 | 14,745                 |
| Debt impairment  | 3    | 3,067           | 7,205           | 4,397           | 6,640           | 5,000                | -                  | -                 | 5,000   | 5,230                  | 5,471                  |
| Depreciation & asset impairment  | 2    | 26,357          | 31,302          | 34,334          | 43,881          | 36,038               | -                  | -                 | 37,785  | 39,523                 | 41,341                 |
| Finance charges  |      | 1,503           | 1,689           | 2,098           | 382             | 282                  | -                  | -                 | 451   | 471                    | 493                    |
| Bulk purchases   | 2    | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Other materials  | 8    | 3,373           | -               | -               | 90              | 65                   | -                  | -                 | 294   | 308                    | 322                    |
| Contracted services  |      | 10,031          | 5,548           | 5,752           | 7,929           | 13,542               | -                  | -                 | 14,905  | 15,590                 | 16,307                 |
| Transfers and subsidies  |      | -               | -               | -               | 8,909           | 8,909                | -                  | -                 | 14,740  | 15,418                 | 16,127                 |
| Other expenditure  | 4, 5 | 37,937          | 46,193          | 61,004          | 64,143          | 73,369               | -                  | -                 | 76,735  | 80,265                 | 83,957                 |
| Losses   |      | 1,118           | -               | 383             | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Total Expenditure  |      | 154,128         | 177,217         | 192,560         | 223,778         | 230,239              | -                  | -                 | 227,228   | 237,680                | 248,613                |
| Surplus/(Deficit)  |      | (1,372)         | (31,694)        | (27,335)        | (27,602)        | (14,320)             | -                  | -                 | (22,524)  | (23,560)               | (24,644)               |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |      | 49,781          | 50,927          | 93,325          | 77,327          | 96,021               | -                  | -                 | 83,040  | 86,860                 | 90,855                 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | 6    | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Transfers and subsidies - capital (in-kind - all)  |      | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) after capital transfers & contributions  |      | 48,409          | 19,233          | 65,990          | 49,725          | 81,701               | -                  | -                 | 60,516  | 63,300                 | 66,212                 |
| Taxation   |      | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) after taxation   |      | 48,409          | 19,233          | 65,990          | 49,725          | 81,701               | -                  | -                 | 60,516  | 63,300                 | 66,212                 |
| Attributable to minorities   |      | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) attributable to municipality   |      | 48,409          | 19,233          | 65,990          | 49,725          | 81,701               | -                  | -                 | 60,516  | 63,300                 | 66,212                 |
| Share of surplus/ (deficit) of associate   | 7    | -               | -               | -               | -               | -                    | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) for the year   |      | 48,409          | 19,233          | 65,990          | 49,725          | 81,701               | -                  | -                 | 60,516  | 63,300                 | 66,212                 |

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R204.7 million in 2020/21 and increase to R223 million by 2022/23. This represents a year-on-year increase of 4.5 per cent for the 2020/21 financial year and 4.6 per cent for the 2021/22 financial year. Including grants received from National and Provincial government.
2. Revenue to be generated from property rates is R10,6 million in the 2020/21 financial year and increases to R11,7 million by 2022/23 which represents 4,6 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 4.5 per cent, for each of the respective financial years of the MTREF.
3. Services charges relating to refuse removal constitutes the other component of the revenue basket of the municipality totaling R1,6 million for the 2020/21 financial year and increasing to R1.7 million by 2022/23. For the 2020/21 financial year services charges amount to 1 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government has increased slowly over the MTREF by 3 per cent and 5 per cent for the two outer years.

**Figure 2 Expenditure by major type**

5. Employee related costs, Contracted services, Debt impairment and Depreciation and asset management, Transfers and subsidies to the entity, other expenditure which includes (Consultants and professional fees, Legal fees , Repairs and maintenance) are the main cost drivers within the municipality



**Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

| Vote Description<br>R thousand   | Ref      | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |          | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>Capital Expenditure - Functional</b>  |          |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <i>Governance and administration</i>   |          | 1,469           | 2,705           | 1,660           | 18,100               | 20,208          | —                  | —                 | 5,965   | 6,239                  | 6,526                  |
| Executive and council  |          | 1,610           | 1,459           | 959             | 17,600               | 19,630          | —                  | —                 | 340   | 356                    | 372                    |
| Finance and administration   |          | 460             | 1,246           | 702             | 500                  | 578             | —                  | —                 | 5,625   | 5,883                  | 6,154                  |
| Internal audit   |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| <i>Community and public safety</i>   |          | 1,546           | 664             | 159             | 2,471                | 2,171           | —                  | —                 | 5,423   | 5,672                  | 5,933                  |
| Community and social services  |          | 1,546           | 664             | 159             | 2,471                | 2,171           | —                  | —                 | 5,423   | 5,672                  | 5,933                  |
| Sport and recreation   |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Public safety  |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Housing  |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Health   |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| <i>Economic and environmental services</i>   |          | 48,915          | 44,749          | 86,015          | 81,889               | 103,003         | —                  | —                 | 87,597  | 91,627                 | 95,842                 |
| Planning and development   |          | 59              | 570             | 5               | 50                   | 50              | —                  | —                 | 53  | 55                     | 57                     |
| Road transport   |          | 48,856          | 44,179          | 86,010          | 81,839               | 102,953         | —                  | —                 | 87,545  | 91,572                 | 95,784                 |
| Environmental protection   |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| <i>Trading services</i>  |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Energy sources   |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Water management   |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Waste water management   |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Waste management   |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Other  |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| <b>Total Capital Expenditure - Functional</b>  | <b>3</b> | <b>51,931</b>   | <b>48,118</b>   | <b>87,834</b>   | <b>102,460</b>       | <b>125,382</b>  | <b>—</b>           | <b>—</b>          | <b>98,984</b>                                       | <b>103,538</b>         | <b>108,300</b>         |
| <b>Funded by:</b>  |          |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| National Government  |          | 45,081          | 37,407          | 48,531          | 43,547               | 48,476          | —                  | —                 | 38,040  | 39,790                 | 41,820                 |
| Provincial Government  |          | —               | 5,181           | 31,691          | 33,780               | 47,545          | —                  | —                 | 45,000  | 47,070                 | 49,235                 |
| District Municipality  |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |          | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Transfers recognised - capital   | <b>4</b> | <b>45,081</b>   | <b>42,588</b>   | <b>80,222</b>   | <b>77,327</b>        | <b>96,021</b>   | <b>—</b>           | <b>—</b>          | <b>83,040</b>                                       | <b>86,860</b>          | <b>90,855</b>          |
| Borrowing  | <b>6</b> | <b>—</b>        | <b>—</b>        | <b>—</b>        | <b>—</b>             | <b>—</b>        | <b>—</b>           | <b>—</b>          | <b>—</b>  | <b>—</b>               | <b>—</b>               |
| Internally generated funds   |          | 6,850           | 5,530           | 7,612           | 25,133               | 29,361          | —                  | —                 | 15,944  | 16,678                 | 17,445                 |
| <b>Total Capital Funding</b>   | <b>7</b> | <b>51,931</b>   | <b>48,118</b>   | <b>87,834</b>   | <b>102,460</b>       | <b>125,382</b>  | <b>—</b>           | <b>—</b>          | <b>98,984</b>                                       | <b>103,538</b>         | <b>108,300</b>         |

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- Single-year capital expenditure has been appropriated at R98 million for the 2020/21 financial year and remains relatively constant over the MTREF at levels of R103 million and R108 million respectively for the two outer years.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to

the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

5. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses. For 2020/21, capital transfers totals R83 million (82per cent) and escalates to R90 million by 2022/23 (87 per cent). Internally generated funding totaling R15 million, R16 million and R17 million for each of the respective financial years of the MTREF.

**Table 17 MBRR Table A6 - Budgeted Financial Position**

EC154 Port St Johns - Table A6 Budgeted Financial Position

| Description                              |   | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand                               |   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| ASSETS                                   |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current assets                           |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash                                     |   |     | 5,361           | 2,004           | 3,907           | 58,134               | 64,778          | -                  | -                 | 3,907   | 4,087                  | 4,275                  |
| Call investment deposits                 | 1 |     | 44,241          | 55,905          | 53,402          | -                    | -               | -                  | -                 | 53,402  | 55,858                 | 58,427                 |
| Consumer debtors                         | 1 |     | 1,061           | 820             | 1,274           | 11,887               | 11,717          | -                  | -                 | 11,594  | 12,127                 | 12,685                 |
| Other debtors                            |   |     | 9,130           | 11,279          | 27,918          | 4,998                | 4,998           | -                  | -                 | 18,498  | 17,257                 | 18,050                 |
| Current portion of long-term receivables |   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Inventory                                | 2 |     | 1,149           | 1,588           | 733             | 1,588                | 1,588           | -                  | -                 | 733   | 787                    | 802                    |
| Total current assets                     |   |     | 60,943          | 71,595          | 87,234          | 76,607               | 83,060          | -                  | -                 | 86,133  | 90,095                 | 94,239                 |
| Non current assets                       |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Long-term receivables                    |   |     | -               | -               | -               | 8,777                | -               | -                  | -                 | -   | -                      | -                      |
| Investments                              |   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Investment property                      |   |     | 11,461          | 11,461          | 11,461          | 11,461               | 11,461          | -                  | -                 | 11,461  | 11,988                 | 12,540                 |
| Investment in Associates                 |   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Property, plant and equipment            | 3 |     | 395,294         | 411,573         | 484,848         | 480,920              | 504,147         | -                  | -                 | 450,480   | 471,202                | 492,878                |
| Biological                               |   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Intangible                               |   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other non-current assets                 |   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total non current assets                 |   |     | 406,755         | 423,034         | 476,307         | 499,158              | 515,608         | -                  | -                 | 481,941   | 483,191                | 505,417                |
| TOTAL ASSETS                             |   |     | 467,698         | 494,630         | 563,541         | 575,765              | 598,668         | -                  | -                 | 568,074   | 573,286                | 599,657                |
| LIABILITIES                              |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current liabilities                      |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Bank overdraft                           | 1 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Borrowing                                | 4 |     | 95              | 319             | 378             | 226                  | 226             | -                  | -                 | -   | -                      | -                      |
| Consumer deposits                        |   |     | 61              | 61              | 61              | 61                   | 61              | -                  | -                 | 61  | 64                     | 67                     |
| Trade and other payables                 | 4 |     | 27,222          | 37,809          | 40,104          | 20,037               | 20,037          | -                  | -                 | 40,104  | 42,029                 | 44,046                 |
| Provisions                               |   |     | 5,862           | 5,828           | 6,557           | 245                  | 745             | -                  | -                 | 11,357  | 11,880                 | 12,426                 |
| Total current liabilities                |   |     | 33,040          | 44,017          | 47,099          | 20,569               | 21,069          | -                  | -                 | 51,522  | 53,972                 | 56,539                 |
| Non current liabilities                  |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Borrowing                                |   |     | 1,952           | 2,180           | 2,381           | 2,148                | 2,148           | -                  | -                 | -   | -                      | -                      |
| Provisions                               |   |     | 7,408           | 14,278          | 15,716          | 7,781                | 7,781           | -                  | -                 | 5,583   | 5,840                  | 6,109                  |
| Total non current liabilities            |   |     | 9,359           | 16,458          | 18,097          | 9,927                | 9,927           | -                  | -                 | 5,583   | 5,840                  | 6,109                  |
| TOTAL LIABILITIES                        |   |     | 42,399          | 60,473          | 65,196          | 30,496               | 30,996          | -                  | -                 | 57,105  | 59,812                 | 62,648                 |
| NET ASSETS                               | 5 |     | 425,299         | 434,156         | 498,345         | 545,270              | 567,693         | -                  | -                 | 490,969   | 513,473                | 537,009                |
| COMMUNITY WEALTH/EQUITY                  |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Accumulated Surplus/(Deficit)            |   |     | 425,299         | 434,156         | 498,345         | 545,270              | 567,693         | -                  | -                 | 457,496   | 478,541                | 496,178                |
| Reserves                                 | 4 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| TOTAL COMMUNITY WEALTH/EQUITY            | 5 |     | 425,299         | 434,156         | 498,345         | 545,270              | 567,693         | -                  | -                 | 457,496   | 478,541                | 496,178                |

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 80) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 18 MBRR Table A7 - Budgeted Cash Flow Statement****EC154 Port St Johns - Table A7 Budgeted Cash Flows**

| Description                                    | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand                                     |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| CASH FLOW FROM OPERATING ACTIVITIES            |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts                                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates                                 |     | 5,876           | 2,934           | 4,603           | 3,763                | 3,486           | -                  | -                 | 7,849   | 8,210                  | 8,588                  |
| Service charges                                |     | 430             | 333             |                 | 358                  | 358             | -                  | -                 | 978   | 1,023                  | 1,070                  |
| Other revenue                                  |     | 14,216          | 11,223          | 7,876           | 7,067                | 3,066           | -                  | -                 | 23,316  | 24,389                 | 25,511                 |
| Transfers and Subsidies - Operational          | 1   | 14,216          | 137,773         | 135,747         | 160,981              | 160,981         | -                  | -                 | 167,144   | 174,833                | 182,875                |
| Transfers and Subsidies - Capital              | 1   | 173,869         | 50,927          | 93,325          | 43,547               | 48,476          | -                  | -                 | 38,040  | 39,790                 | 41,620                 |
| Interest                                       |     | 3,837           | 3,692           | 5,251           | 4,370                | 9,683           | -                  | -                 | 6,559   | 6,860                  | 7,176                  |
| Dividends                                      |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Payments                                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Suppliers and employees                        |     | (127,991)       | (151,017)       | (158,767)       | (163,769)            | (176,563)       | -                  | -                 | 125,379   | 131,146                | 137,179                |
| Finance charges                                |     | (5)             | (428)           | (568)           | (382)                | (282)           | -                  | -                 | 451   | 471                    | 493                    |
| Transfers and Grants                           | 1   | -               | (7,534)         | (10,390)        | (8,909)              | (8,909)         | -                  | -                 | -   | -                      | -                      |
| NET CASH FROM/(USED) OPERATING ACTIVITIES      |     | 84,448          | 47,903          | 77,077          | 47,026               | 40,295          | -                  | -                 | 369,715   | 386,722                | 404,512                |
| CASH FLOWS FROM INVESTING ACTIVITIES           |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts                                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                    |     | -               | 620             | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Decrease (increase) in non-current receivables |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Decrease (increase) in non-current investments |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Payments                                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital assets                                 |     | (51,469)        | (47,613)        | (87,633)        | (102,460)            | (122,578)       | -                  | -                 | (100,984)   | (105,630)              | (110,489)              |
| NET CASH FROM/(USED) INVESTING ACTIVITIES      |     | (51,469)        | (46,992)        | (87,633)        | (102,460)            | (122,578)       | -                  | -                 | (100,984)   | (105,630)              | (110,489)              |
| CASH FLOWS FROM FINANCING ACTIVITIES           |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts                                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Short term loans                               |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Borrowing long term/refinancing                |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Increase (decrease) in consumer deposits       |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Payments                                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Repayment of borrowing                         |     | -               | (138)           | (434)           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| NET CASH FROM/(USED) FINANCING ACTIVITIES      |     | -               | (138)           | (434)           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| NET INCREASE/ (DECREASE) IN CASH HELD          |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year begin:       | 2   | 37,294          | 49,602          | 57,909          | 90,953               | 83,610          | -                  | -                 | 91,289  | 360,020                | 641,112                |
| Cash/cash equivalents at the year end:         | 2   | 70,272          | 50,375          | 46,919          | 35,519               | 1,326           | -                  | -                 | 360,020   | 641,112                | 935,135                |

**Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation****EC154 Port St Johns - Table A8 Cash backed reserves/accumulated surplus reconciliation**

| 2019/20 Budget Table A2 Cash backed year resubmitted surplus reclamation |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description  | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Cash and investments available</b>                                    |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end                                    | 1   | 70,272          | 50,375          | 46,919          | 35,519               | 1,326           | -                  | -                 | 360,020   | 641,112                | 935,135                |
| Other current investments > 90 days                                      |     | (20,670)        | 7,534           | 10,390          | 22,615               | 83,452          | -                  | -                 | (302,711)   | (581,168)              | (872,433)              |
| Non current assets - investments   | 1   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash and Investments available:</b>                                   |     | <b>49,602</b>   | <b>57,909</b>   | <b>57,309</b>   | <b>58,134</b>        | <b>84,778</b>   | <b>-</b>           | <b>-</b>          | <b>57,309</b>                                       | <b>59,945</b>          | <b>62,702</b>          |
| <b>Application of cash and investments</b>                               |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Unspent conditional transfers  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Unspent borrowing  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Statutory requirements   | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other working capital requirements                                       | 3   | 15,583          | 24,223          | 18,408          | 11,610               | 17,544          | -                  | -                 | 12,489  | 13,144                 | 13,832                 |
| Other provisions   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Long term investments committed  | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Reserves to be backed by cash/investments                                | 5   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Application of cash and Investments:</b>                        |     | <b>15,583</b>   | <b>24,223</b>   | <b>18,408</b>   | <b>11,610</b>        | <b>17,544</b>   | <b>-</b>           | <b>-</b>          | <b>12,489</b>                                       | <b>13,144</b>          | <b>13,832</b>          |
| <b>Surplus(shortfall)</b>  |     | <b>34,019</b>   | <b>33,686</b>   | <b>38,901</b>   | <b>46,524</b>        | <b>67,234</b>   | <b>-</b>           | <b>-</b>          | <b>44,820</b>                                       | <b>46,801</b>          | <b>48,870</b>          |

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality has increased over the 2016/17 to 2018/19 period.
4. The approved 2019/20 MTREF provide for a further net decrease in cash of R90 thousand for the 2019/20 financial year resulting in an overall projected positive cash position of R35 million at year end.
5. The 2020/21 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R360 thousand as at the end of the 2020/21 financial year and increase to R935 thousand by 2022/23

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2016/17 to 2018/19 the surplus increased from R34 million to a surplus of R47 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2020/21 MTREF was funded because it shows a surplus of R44 million.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a surplus of R47 million in 2019/20 to a surplus of R44 million by 2020/21.



**Table 20 MBRR Table A9 - Asset Management**

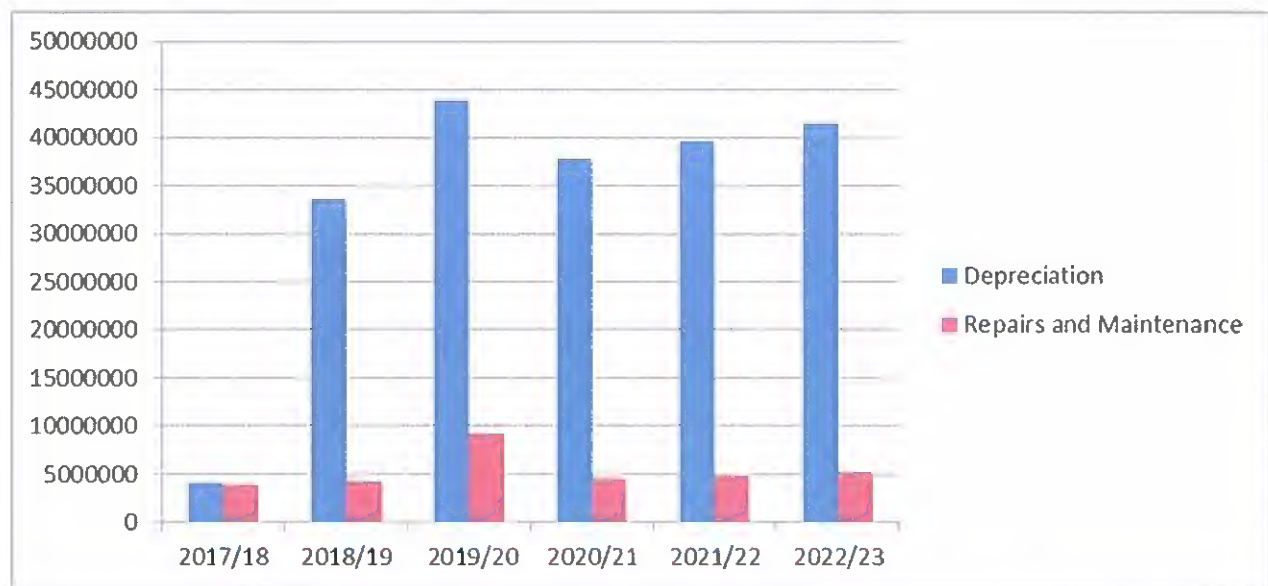
EC154 Port St Johns - Table A9 Asset Management

| Description                                  | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| CAPITAL EXPENDITURE                          |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Total New Assets                             | 1   | —               | 108,415         | 96,939          | 102,460              | 24,899          | 50                 | 13,280  | 13,891                 | 14,530                 |
| Roads Infrastructure                         |     | —               | 58,496          | 93,943          | 34,345               | —               | —                  | —   | —                      | —                      |
| Storm water Infrastructure                   |     | —               | —               | (23,379)        | 33,780               | —               | —                  | —   | —                      | —                      |
| Electrical Infrastructure                    |     | —               | —               | (9,778)         | 9,202                | 1,000           | —                  | —   | —                      | —                      |
| Water Supply Infrastructure                  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Sanitation Infrastructure                    |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Solid Waste Infrastructure                   |     | —               | (325)           | 2,926           | —                    | —               | —                  | —   | —                      | —                      |
| Rail Infrastructure                          |     | —               | —               | —               | —                    | —               | —                  | 1,000   | 1,046                  | 1,094                  |
| Coastal Infrastructure                       |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Information and Communication Infrastructure |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Infrastructure                               |     | —               | 58,171          | 63,711          | 77,327               | 1,000           | —                  | 1,000   | 1,046                  | 1,094                  |
| Community Facilities                         |     | —               | 9,549           | 133             | 616                  | 426             | 50                 | 600   | 628                    | 656                    |
| Sport and Recreation Facilities              |     | —               | 11              | 83              | 1,853                | 1,753           | —                  | 2,400   | 2,510                  | 2,626                  |
| Community Assets                             |     | —               | 9,560           | 216             | 2,468                | 2,178           | 50                 | 3,000   | 3,138                  | 3,282                  |
| Heritage Assets                              |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Revenue Generating                           |     | —               | —               | —               | 17,050               | —               | —                  | —   | —                      | —                      |
| Non-revenue Generating                       |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Investment properties                        |     | —               | —               | —               | 17,050               | —               | —                  | —   | —                      | —                      |
| Operational Buildings                        |     | —               | 10,028          | (773)           | —                    | —               | —                  | —   | —                      | —                      |
| Housing                                      |     | —               | (3,920)         | 23,143          | —                    | —               | —                  | —   | —                      | —                      |
| Other Assets                                 |     | —               | 6,107           | 22,369          | —                    | —               | —                  | —   | —                      | —                      |
| Biological or Cultivated Assets              |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Servitudes                                   |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Licences and Rights                          |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Intangible Assets                            |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Computer Equipment                           |     | —               | 1,242           | (810)           | 700                  | 955             | —                  | 2,586   | 2,704                  | 2,829                  |
| Furniture and Office Equipment               |     | —               | 1,371           | 178             | 103                  | 173             | —                  | 887   | 928                    | 971                    |
| Machinery and Equipment                      |     | —               | 26,861          | 434             | 4,812                | —               | —                  | 70  | 73                     | 77                     |
| Transport Assets                             |     | —               | 5,103           | 4,841           | —                    | 4,093           | —                  | 5,738   | 6,001                  | 6,277                  |
| Land   |     | —               | —               | 6,000           | —                    | 16,500          | —                  | —   | —                      | —                      |
| Zoo's, Marine and Non-biological Animals     |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Total Renewal of Existing Assets             | 2   | —               | 212,449         | (153,855)       | —                    | 100,483         | —                  | 85,704  | 89,646                 | 93,770                 |
| Roads Infrastructure                         |     | —               | 223,475         | (163,936)       | —                    | 86,352          | —                  | 80,798  | 84,615                 | 88,402                 |
| Storm water Infrastructure                   |     | —               | (264)           | —               | —                    | —               | —                  | —   | —                      | —                      |
| Electrical Infrastructure                    |     | —               | (10,762)        | 10,061          | —                    | 14,131          | —                  | 3,906   | 4,086                  | 4,274                  |
| Water Supply Infrastructure                  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Sanitation Infrastructure                    |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Solid Waste Infrastructure                   |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Rail Infrastructure                          |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Coastal Infrastructure                       |     | —               | —               | —               | —                    | —               | —                  | 1,000   | 1,046                  | 1,094                  |
| Information and Communication Infrastructure |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Infrastructure                               |     | —               | 212,449         | (153,855)       | —                    | 100,483         | —                  | 85,704  | 89,646                 | 93,770                 |

|   |   |         |          |          |         |         |    |         |         |         |
|---|---|---------|----------|----------|---------|---------|----|---------|---------|---------|
| <b>Total Capital Expenditure</b>                    | 4 | -       | 320,864  | (56,916) | 102,460 | 125,382 | 50 | 98,984  | 103,538 | 108,300 |
| <i>Roads Infrastructure</i>                         | - | -       | 281,971  | (69,993) | 34,345  | 86,352  | -  | 80,798  | 84,515  | 88,402  |
| <i>Storm water Infrastructure</i>                   | - | -       | (264)    | (23,379) | 33,780  | -       | -  | -       | -       | -       |
| <i>Electrical Infrastructure</i>                    | - | -       | (10,762) | 302      | 9,202   | 15,131  | -  | 3,906   | 4,086   | 4,274   |
| <i>Water Supply Infrastructure</i>                  | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Sanitation Infrastructure</i>                    | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Solid Waste Infrastructure</i>                   | - | -       | (325)    | 2,926    | -       | -       | -  | -       | -       | -       |
| <i>Rail Infrastructure</i>                          | - | -       | -        | -        | -       | -       | -  | 1,000   | 1,046   | 1,094   |
| <i>Coastal Infrastructure</i>                       | - | -       | -        | -        | -       | -       | -  | 1,000   | 1,046   | 1,094   |
| <i>Information and Communication Infrastructure</i> | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <b>Infrastructure</b>                               | - | -       | 270,620  | (90,144) | 77,327  | 101,483 | -  | 86,704  | 90,692  | 94,864  |
| <i>Community Facilities</i>                         | - | -       | 9,549    | 133      | 616     | 426     | 50 | 600     | 628     | 656     |
| <i>Sport and Recreation Facilities</i>              | - | -       | 11       | 83       | 1,853   | 1,753   | -  | 2,400   | 2,510   | 2,626   |
| <b>Community Assets</b>                             | - | -       | 9,560    | 216      | 2,468   | 2,178   | 50 | 3,000   | 3,138   | 3,282   |
| <b>Heritage Assets</b>                              | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Revenue Generating</i>                           | - | -       | -        | -        | 17,050  | -       | -  | -       | -       | -       |
| <i>Non-revenue Generating</i>                       | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <b>Investment properties</b>                        | - | -       | -        | -        | 17,050  | -       | -  | -       | -       | -       |
| <i>Operational Buildings</i>                        | - | -       | 10,028   | (773)    | -       | -       | -  | -       | -       | -       |
| <i>Housing</i>                                      | - | -       | (3,920)  | 23,143   | -       | -       | -  | -       | -       | -       |
| <b>Other Assets</b>                                 | - | -       | 6,107    | 22,369   | -       | -       | -  | -       | -       | -       |
| <b>Biological or Cultivated Assets</b>              | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Servitudes</i>                                   | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Licences and Rights</i>                          | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <b>Intangible Assets</b>                            | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Computer Equipment</i>                           | - | -       | 1,242    | (810)    | 700     | 955     | -  | 2,586   | 2,704   | 2,829   |
| <i>Furniture and Office Equipment</i>               | - | -       | 1,371    | 178      | 103     | 173     | -  | 887     | 928     | 971     |
| <i>Machinery and Equipment</i>                      | - | -       | 26,861   | 434      | 4,812   | -       | -  | 70      | 73      | 77      |
| <b>Transport Assets</b>                             | - | -       | 5,103    | 4,841    | -       | 4,093   | -  | 5,738   | 6,001   | 6,277   |
| <i>Land</i>   | - | -       | -        | 6,000    | -       | 16,500  | -  | -       | -       | -       |
| <i>Zoo's, Marine and Non-biological Animals</i>     | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>      | - | -       | 320,864  | (56,916) | 102,460 | 125,382 | 50 | 98,984  | 103,538 | 108,300 |
| <b>ASSET REGISTER SUMMARY - PPE (WDV)</b>           | 5 | 286,852 | 423,034  | 476,307  | 351,782 | 356,315 | -  | 310,202 | 324,471 | 339,397 |
| <i>Roads Infrastructure</i>                         | - | -       | 36,254   | 79,595   | 239,561 | 239,561 | -  | 208,333 | 217,916 | 227,940 |
| <i>Storm water Infrastructure</i>                   | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Electrical Infrastructure</i>                    | - | -       | 27,157   | 36,254   | -       | 1,000   | -  | 2,399   | 2,509   | 2,624   |
| <i>Water Supply Infrastructure</i>                  | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Sanitation Infrastructure</i>                    | - | 286,852 | 239,561  | 239,698  | -       | -       | -  | -       | -       | -       |
| <i>Solid Waste Infrastructure</i>                   | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Rail Infrastructure</i>                          | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Coastal Infrastructure</i>                       | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Information and Communication Infrastructure</i> | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <b>Infrastructure</b>                               | - | 286,852 | 302,971  | 355,547  | 239,561 | 240,561 | -  | 210,731 | 220,425 | 230,564 |
| <b>Community Assets</b>                             | - | -       | 8,941    | 8,435    | 10,548  | 10,309  | -  | 8,037   | 8,407   | 8,793   |
| <b>Heritage Assets</b>                              | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <b>Investment properties</b>                        | - | -       | 11,461   | 11,461   | 11,461  | 11,461  | -  | 11,461  | 11,988  | 12,540  |
| <b>Other Assets</b>                                 | - | -       | 99,661   | 100,864  | 466     | 466     | -  | 319     | 333     | 349     |
| <b>Biological or Cultivated Assets</b>              | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <b>Intangible Assets</b>                            | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <i>Computer Equipment</i>                           | - | -       | -        | -        | 1,972   | 756     | -  | 155     | 162     | 170     |
| <i>Furniture and Office Equipment</i>               | - | -       | -        | -        | 1,054   | 929     | -  | 1,365   | 1,428   | 1,494   |
| <i>Machinery and Equipment</i>                      | - | -       | -        | -        | 10,342  | 11,284  | -  | 12,003  | 12,555  | 13,133  |
| <b>Transport Assets</b>                             | - | -       | -        | -        | 4,211   | 8,932   | -  | 11,013  | 11,520  | 12,049  |
| <i>Land</i>   | - | -       | -        | -        | 72,168  | 71,618  | -  | 55,118  | 57,653  | 60,305  |
| <i>Zoo's, Marine and Non-biological Animals</i>     | - | -       | -        | -        | -       | -       | -  | -       | -       | -       |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>     | 5 | 286,852 | 423,034  | 476,307  | 351,782 | 356,315 | -  | 310,202 | 324,471 | 339,397 |

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality does not meet both these recommendations due to non-availability of funds only 2% of repairs and maintenance we have managed provide.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF.



**Figure 3 Depreciation in relation to repairs and maintenance over the MTREF**

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

EC154 Port St Johns - Table A10 Basic service delivery measurement

| Description  | Ref | 2016/17   | 2017/18   | 2018/19   | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------|-----------|-----------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Outcome   | Outcome   | Outcome   | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>Household service targets</b>   | 1   |           |           |           |                      |                 |                    |   |                        |                        |
| <b>Water:</b>  |     |           |           |           |                      |                 |                    |   |                        |                        |
| Piped water inside dwelling  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Piped water inside yard (but not in dwelling)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Using public tap (at least min.service level)  | 2   | 23,732    | 23,732    | 23,732    | 23,732               | 23,732          | -                  | 23,732  | 23,732                 | 23,732                 |
| Other water supply (at least min.service level)  | 4   | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <i>Minimum Service Level and Above sub-total</i>   |     | 23,732    | 23,732    | 23,732    | 23,732               | 23,732          | -                  | 23,732  | 23,732                 | 23,732                 |
| Using public tap (< min.service level)   | 3   | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Other water supply (< min.service level)   | 4   | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| No water supply  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total number of households</b>  | 5   | 23,732    | 23,732    | 23,732    | 23,732               | 23,732          | -                  | 23,732  | 23,732                 | 23,732                 |
| <b>Sanitation/sewerage:</b>  |     |           |           |           |                      |                 |                    |   |                        |                        |
| Flush toilet (connected to sewerage)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Flush toilet (with septic tank)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Chemical toilet  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Pit toilet (ventilated)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Other toilet provisions (> min.service level)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <i>Minimum Service Level and Above sub-total</i>   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Bucket toilet  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Other toilet provisions (< min.service level)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| No toilet provisions   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total number of households</b>  | 5   | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Energy:</b>   |     |           |           |           |                      |                 |                    |   |                        |                        |
| Electricity (at least min.service level)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Electricity - prepaid (min.service level)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <i>Minimum Service Level and Above sub-total</i>   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Electricity (< min.service level)  |     | 2,000,000 | 3,500,000 | 3,500,000 | 3,000,000            | 3,000,000       | -                  | 4,720,500   | 4,937,643              | 5,164,775              |
| Electricity - prepaid (< min. service level)   |     | -         | -         | -         | 2,000,000            | 2,230,000       | -                  | 1,573,500   | 1,645,881              | 1,721,592              |
| Other energy sources   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>   |     | 2,000,000 | 3,500,000 | 3,500,000 | 5,000,000            | 5,230,000       | -                  | 6,294,000   | 6,583,524              | 6,886,366              |
| <b>Total number of households</b>  | 5   | 2,000,000 | 3,500,000 | 3,500,000 | 5,000,000            | 5,230,000       | -                  | 6,294,000   | 6,583,524              | 6,886,366              |
| <b>Refuse:</b>   |     |           |           |           |                      |                 |                    |   |                        |                        |
| Removed at least once a week   |     | 425       | 425       | 425       | 425                  | 425             | -                  | 425   | 425                    | 425                    |
| <i>Minimum Service Level and Above sub-total</i>   |     | 425       | 425       | 425       | 425                  | 425             | -                  | 425   | 425                    | 425                    |
| Removed less frequently than once a week   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Using communal refuse dump   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Using own refuse dump  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Other rubbish disposal   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| No rubbish disposal  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <i>Below Minimum Service Level sub-total</i>   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total number of households</b>  | 5   | 425       | 425       | 425       | 425                  | 425             | -                  | 425   | 425                    | 425                    |
| <b>Households receiving Free Basic Service</b>   | 7   |           |           |           |                      |                 |                    |   |                        |                        |
| Water (6 kilolitres per household per month)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation (free minimum level service)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Electricity/other energy (50kwh per household per month)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Refuse (removed at least once a week)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>                                     | 8   |           |           |           |                      |                 |                    |   |                        |                        |
| Water (6 kilolitres per indigent household per month)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation (free sanitation service to indigent households)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Electricity/other energy (50kwh per indigent household per month)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Refuse (removed once a week for indigent households)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>                            |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total cost of FBS provided</b>  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Highest level of free service provided per household</b>  |     |           |           |           |                      |                 |                    |   |                        |                        |
| Property rates (R value threshold)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Water (kilolitres per household per month)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation (kilolitres per household per month)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation (Rand per household per month)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Electricity (kwh per household per month)  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Refuse (average litres per week)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Revenue cost of subsidised services provided (R'000)</b>  | 9   |           |           |           |                      |                 |                    |   |                        |                        |
| Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)                             |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA |     | -         | -         | -         | 2,213                | 2,213           | -                  | 2,213   | 2,315                  | 2,422                  |
| Water (in excess of 6 kilolitres per indigent household per month)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation (in excess of free sanitation service to indigent households)                                     |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Electricity/other energy (in excess of 50 kwh per indigent household per month)                              |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Refuse (in excess of one removal a week for indigent households)   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Municipal Housing - rental rebates   |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Housing - top structure subsidies  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| Other  |     | -         | -         | -         | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total revenue cost of subsidised services provided</b>  | 6   | -         | -         | -         | 2,213                | 2,213           | -                  | 2,213   | 2,315                  | 2,422                  |

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs:
  - a. Refuse services – backlog will be reduced by 425 households in 2020/21, and a further 425 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
  - b. It should be noted that our municipality is surrounded by rural area, refuse is only collected in the Port st Johns Municipality town and surrounding areas.
3. The budget provides for 15 000 households to be registered as indigent in 2020/21, and therefore entitled to receiving Free Basic Services. The number is set to increase due to that the municipality is updating its indigent register on a daily basis with the assistance of Ward committees and Community development workers.
4. It is anticipated that these Free Basic Services will cost the municipality R6.2 million in 2020/21, increasing to R6.5 million in 2021/22. This is covered by the municipality's equitable share allocation from national government.



## Part 2 – Supporting Documentation

### 6.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### 6.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2019. Key dates applicable to the process were:

- **August 2019** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2020/21 MTREF;
- **November 2019** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **2 to 3 February 2020** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **February 2020** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **27 February 2020** - Council considers the 2019/20 Mid-year Review and Adjustments Budget;

- **February 2020** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2019/20 MTREF is revised accordingly;
- **28 May 2020** - Tabling in Council of the 2020/21 IDP and 2020/21 MTREF for public consultation;
- **June 2020** – Public consultation;
- **17 June 2020** - Closing date for written comments;
- **25 June 2020** – finalisation of the 2020/21 IDP and 2020/21 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **30 June 2020** - Tabling of the 2020/21 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council and the revised IDP/ Budget process plan was submitted to council.

### 6.3 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the IDP as adopted by Council in June 2020. It started in September 2019 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2020/21 MTREF in August.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2020/21 MTREF, based on the approved 2019/20 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2020/21 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

## 6.4 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2020/21 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2020/21 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, household debt, migration patterns)
- Performance trends
- The approved 2019/20 adjustments budget and performance against the SDBIP
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

## 6.5 Community Consultation

The 2020/21 MTREF as tabled before Council on 30 June 2020 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. In addition a further development of this year's consultation process included the launch of E-based consultation. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 02 to 06 March 2020, and included four public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 50 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2020/21 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The

municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;

- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the municipality;
- The affordability of tariff increases, especially property rates, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases however there is a rebate that the municipality is offering to the pensioners; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

## **6.6 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure the municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIS);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2020/21 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 22 IDP Strategic Objectives**

| <b>2019/20 Financial Year</b> |   | <b>2020/21 MTREF</b> |  |
|-------------------------------|---|----------------------|--|
| 1.1                           | To have an effective and compliant Spatial planning and land use management by June 2020  | 1.1                  | To have an effective and compliant Spatial planning and land use management by June 2021   |
| 1.2                           | To create and sustain an Integrated, quality Human Settlements by June 2020   | 1.2                  | To create and sustain an Integrated, quality Human Settlements by June 2021  |
| 2.1                           | Ensure universal access to adequate, reliable and basic infrastructure for all by June 2020   | 2.1                  | Ensure universal access to adequate, reliable and basic infrastructure for all by June 2021<br>To enhance the state of Municipal Infrastructure by June 2021 |
| 2.2                           | To enhance the state of Municipal Infrastructure by June 2020   | 2.2                  | To have an Improved and adequate provision of Social and community development Services by June 2021   |
| 2.3                           | To have an Improved and adequate provision of Social and community development Services by June 2020<br>Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2020 | 2.3                  | Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2021  |
| 2.4                           | Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2020   | 2.4                  | Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2021  |
| 2.5                           | To leverage public and private sector   | 2.5                  | To leverage public and private sector resources for economic infrastructure development by June  |



| resources for economic infrastructure development by June 2020  | 2021  |
|---|---|
| 3.1 To Ensure effective revenue management by June 2020   | 3.1 To Ensure effective revenue management by June 2021   |
| 3.2 To ensure effective expenditure management by June 2020   | 3.2 To ensure effective expenditure management by June 2021   |
| 3.3 To ensure adherence to all Supply Chain and asset Management Prescripts by 2020   | 3.3 To ensure adherence to all Supply Chain and asset Management Prescripts by 2021   |
| 3.4 Ensure effective monitoring of compliance in relation to management of payroll, employee benefits and allowances by June 2020 | 3.4 Ensure effective monitoring of compliance in relation to management of payroll, employee benefits and allowances by June 2021 |
| 3.5 To generate revenue through municipal facilities and properties by June 2020  | 3.5 To generate revenue through municipal facilities and properties by June 2021  |
| 4.1 To promote and enhance development of productive sectors focusing on agriculture, tourism, ocean economy by June 2020         | 4.1 To promote and enhance development of productive sectors focusing on agriculture, tourism, ocean economy by June 2021         |
| 4.2 Increased economic activity by June 2020  | 4.2 Increased economic activity by June 2021  |
| 4.3 Reduced unemployment by June 2020   | 4.3 Reduced unemployment by June 2021   |
| 5.1 To have a fully compliant municipality by June 2020   | 5.1 To have a fully compliant municipality by June 2021   |
| 5.2 To promote a culture of participation, civic responsibility and good governance and active citizenry by June 2020             | 5.2 To promote a culture of participation, civic responsibility and good governance and active citizenry by June 2021             |
| 5.3 Promote knowledge and awareness both internal and external by June 2020   | 5.3 Promote knowledge and awareness both internal and external by June 2021   |
| 5.4 To ensure effective and efficient functioning of special programmes by June 2020  | 5.4 To ensure effective and efficient functioning of special programmes by June 2021  |
| 6.1 Increased institutional capacity and transformation by June 2020  | 6.1 Increased institutional capacity and transformation by June 2021  |
| 6.2 To promote sound and conducive labour relations in the workplace by June 2020   | 6.2 To promote sound and conducive labour relations in the workplace by June 2021   |
| 6.3 Optimized systems, procedures and processes by June 2020  | 6.3 Optimized systems, procedures and processes by June 2021  |
| 6.4 Increased institutional and individual performance by June 2020   | 6.4 Increased institutional and individual performance by June 2021   |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. **Spatial planning:**

- Improved access to basic services.

2. Basic Service Delivery:
  - Improved access to basic services;
3. Financial Viability & management:
  - Improve Municipal Financial and Administrative Capability;
4. Local economic Development:
  - Implementation of Community works Programme and supported Cooperatives.
5. Good governance and Public Participation:
  - Deepen Democracy through a refined Ward Committee System
6. Municipal transformation and institutional development
  - Implement a differential approach to Municipal Financing, planning and support;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

The 2020/21 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

EC154 Port St Johns - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

| Strategic Objective   | Goal | Goal Code | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|------|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |      |           |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand  |      |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| To promote sound leadership, good governance, public participation and enabling environment |      |           |     | -               | -               | -               | 24,908               | 24,908          | -                  | 26,434  | 28,121                 | 29,495                 |
| Create a conducive administrative environment and organizational development                |      |           |     | -               | -               | -               | 9,977                | 12,977          | -                  | 10,588  | 11,284                 | 11,815                 |
| Create sound financial management, Supply Chain and Asset Management environment            |      |           |     | -               | -               | -               | 10,987               | 10,987          | -                  | 11,660  | 12,404                 | 13,010                 |
| Rapid provision of social and community services  |      |           |     | -               | -               | -               | 7,965                | 7,965           | -                  | 8,438   | 8,958                  | 9,394                  |
| Creation of sustainable job opportunities through internal and external partnerships        |      |           |     | 804             | 883             | 4,218           | 14,902               | 14,695          | -                  | 16,085  | 17,049                 | 17,876                 |
| Promote Local Economic development through agriculture, tourism and oceans economy          |      |           |     | 151,951         | 144,660         | 159,086         | 49,203               | 66,153          | -                  | 51,545  | 54,112                 | 58,588                 |
| Adequate provision and maintenance of basic infrastructure services                         |      |           |     | 49,781          | 50,927          | 95,245          | 155,561              | 174,255         | -                  | 162,994   | 169,072                | 176,847                |
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**Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

EC154 Port St Johns - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

| Strategic Objective  | Goal | Goal Code | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|------|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |      |           |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand   |      |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| To promote sound leadership, good governance, public participation and enabling      |      |           |     | 36,288          | 41,171          | 43,899          | 28,818               | 31,889          | —                  | 41,652  | 42,453                 | 43,158                 |
| Create a conducive administrative environment and organizational                     |      |           |     | 10,109          | 18,418          | 15,386          | 15,559               | 18,371          | —                  | 20,379  | 21,252                 | 22,349                 |
| Create sound financial management, Supply Chain and Asset Management                 |      |           |     | —               | —               | —               | 24,262               | 26,167          | —                  | 22,092  | 23,221                 | 24,410                 |
| Rapid provision of social and community services                                     |      |           |     | 12,694          | 14,160          | —               | 30,252               | 22,221          | —                  | 15,404  | 16,217                 | 17,073                 |
| Creation of sustainable job opportunities through internal and external partnerships |      |           |     | 23,008          | 25,980          | 27,824          | 33,997               | 33,386          | —                  | 28,569  | 30,229                 | 31,987                 |
| Promote Local Economic development through agriculture, tourism and                  |      |           |     | 57,721          | 28,503          | 50,349          | 40,672               | 41,307          | —                  | 36,259  | 38,100                 | 40,038                 |
| Adequate provision and maintenance of basic infrastructure services                  |      |           |     | 12,307          | 48,989          | 55,403          | 60,218               | 56,919          | —                  | 62,881  | 66,207                 | 69,600                 |
| Allocations to other priorities  |      |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Expenditure</b>   |      |           | 1   | 154,128         | 177,217         | 192,560         | 223,778              | 230,239         | —                  | 227,228   | 237,680                | 248,613                |

**Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

EC154 Port St Johns - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

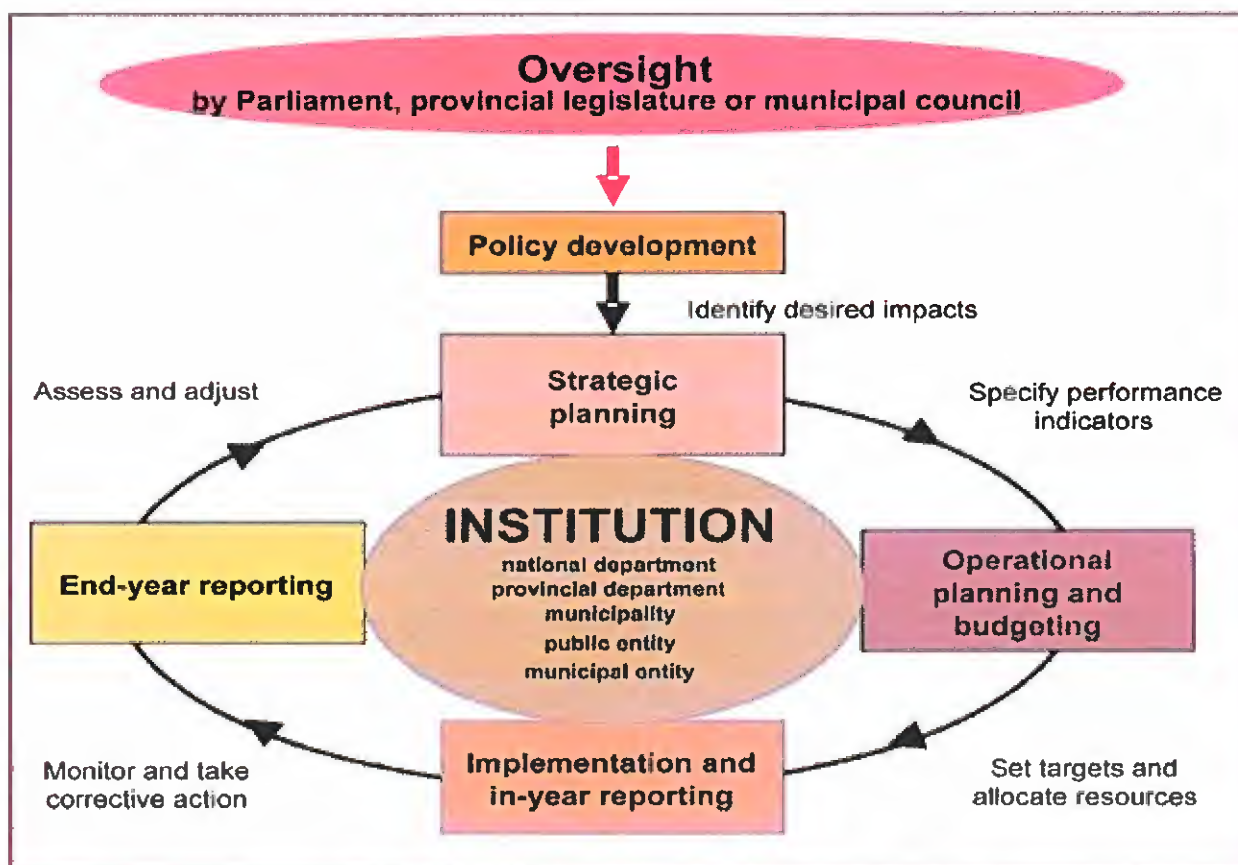
| Strategic Objective  | Goal | Goal Code | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
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|  |      |           |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand   |      |           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| To promote sound leadership, good governance, public participation and enabling      |      | A         |     |                 |                 |                 |                      |                 |                    | 50  | 52                     | 55                     |
| Create a conducive administrative environment and organizational                     |      | B         |     |                 |                 |                 |                      |                 |                    | 290   | 303                    | 317                    |
| Create sound financial management, Supply Chain and Asset Management                 |      | C         |     |                 |                 |                 |                      |                 |                    | 3,310   | 218                    | 230                    |
| Rapid provision of social and community services                                     |      | D         |     |                 |                 |                 |                      |                 |                    | 5,423   | 5,872                  | 5,933                  |
| Creation of sustainable job opportunities through internal and external partnerships |      | E         |     |                 |                 |                 |                      |                 |                    | 2,315   | 1,329                  | 844                    |
| Promote Local Economic development through agriculture, tourism and                  |      | F         |     |                 |                 |                 |                      |                 |                    | 53  | 55                     | 57                     |
| Adequate provision and maintenance of basic infrastructure services                  |      | G         |     |                 |                 |                 |                      |                 |                    | 87,545  | 91,572                 | 100,884                |
|  |      | H         |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
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|  |      | P         |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Allocations to other priorities  |      |           | 3   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Total Capital Expenditure  |      |           | 1   | -               | -               | -               | -                    | -               | -                  | 98,984  | 99,203                 | 106,300                |



## 6.7 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

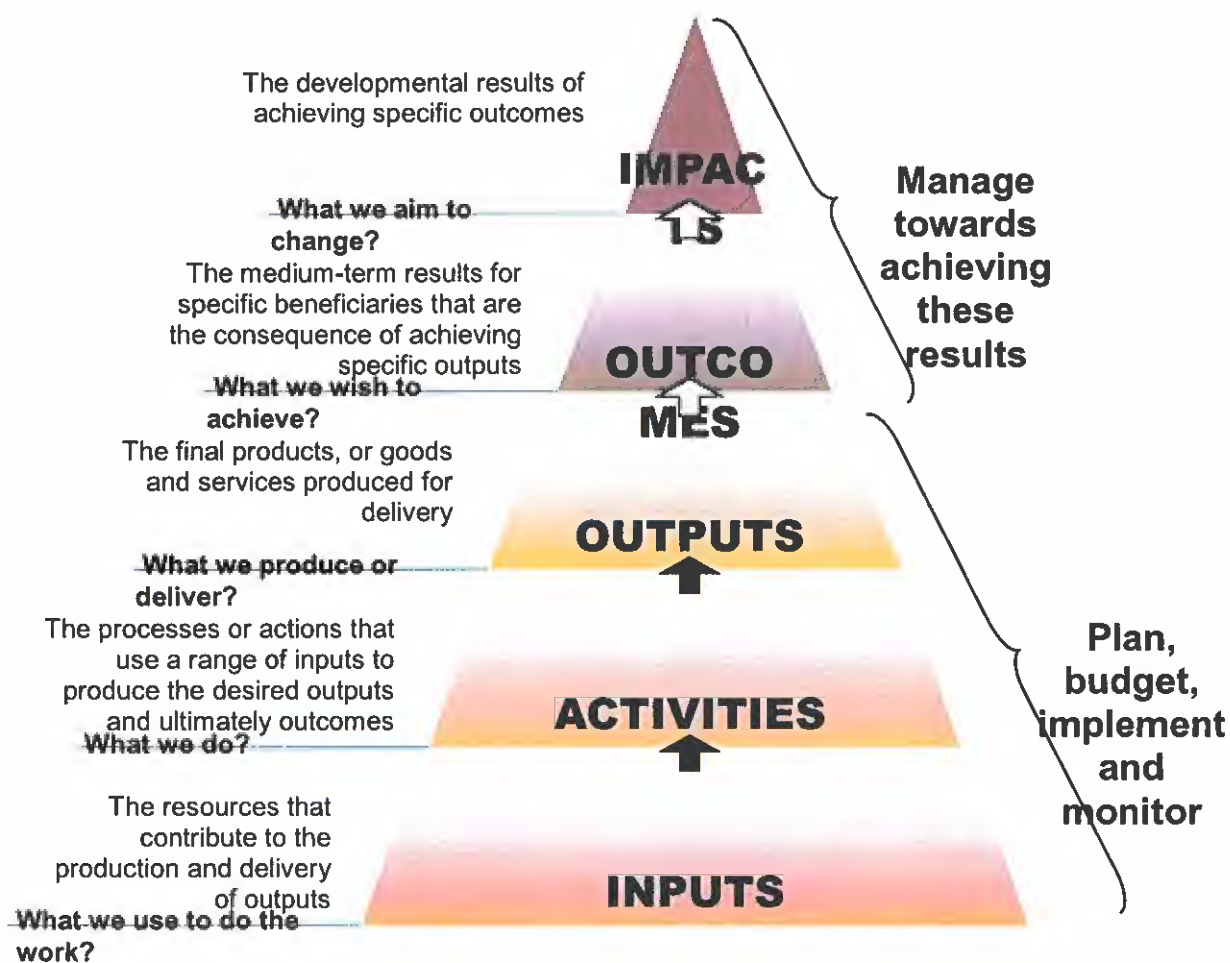


**Figure 4 Planning, budgeting and reporting cycle**

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 5 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26 MBRR Table SA7 - Measurable performance objectives

EC154 Port St Johns - Supporting Table SA7 Measurable performance objectives

| Description                         | Unit of measurement | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|-------------------------------------|---------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|                                     |                     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>Vote 1 - vote name</b>           |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 1 - (name)                 |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 2 - (name)                 |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Vote 2 - vote name</b>           |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 1 - (name)                 |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 2 - (name)                 |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Vote 3 - vote name</b>           |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 1 - (name)                 |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Function 2 - (name)                 |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 1 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 2 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Sub-function 3 - (name)             |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Insert measure/s description        |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| And so on for the rest of the Votes |                     |                 |                 |                 |                      |                 |                    |   |                        |                        |

The following table sets out the municipalities main performance objectives and benchmarks for the 2020/21 MTREF.

**Table 27 MBRR Table SA8 - Performance indicators and benchmarks**

**EC154 Port St Johns - Supporting Table SA8 Performance indicators and benchmarks**

| CURSA Port of Gqeke - Supporting Table 3A Performance Indicators and Benchmarks |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|---|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description of financial Indicator  | Basis of calculation   | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|   |  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b><u>Borrowing Management</u></b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Credit Rating</b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital Charges to Operating Expenditure  | Interest & Principal Paid /Operating Expenditure   | 1.0%            | 1.0%            | 1.3%            | 0.2%                 | 0.1%            | 0.0%               | 0.0%              | 0.2%  | 0.2%                   | 0.2%                   |
| Capital Charges to Own Revenue  | Finance charges & Repayment of borrowing /Own Revenue  | 7.1%            | 11.0%           | 11.3%           | 1.1%                 | 0.5%            | 0.0%               | 0.0%              | 1.2%  | 1.2%                   | 1.2%                   |
| Borrowed funding of 'own' capital expenditure                                   | Borrowing/Capital expenditure excl transfers and grants and contributions                    | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| <b><u>Safety of Capital</u></b>   |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Gearing   | Long Term Borrowing/ Funds & Reserves  | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| <b><u>Liquidity</u></b>   |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current Ratio   | Current assets/current liabilities   | 1.8             | 1.6             | 1.9             | 3.7                  | 3.9             | -                  | -                 | 1.7   | 1.7                    | 1.7                    |
| Current Ratio adjusted for aged debtors   | Current assets less debtors > 90 days/current liabilities                                    | 1.8             | 1.6             | 1.9             | 3.7                  | 3.9             | -                  | -                 | 1.7   | 1.7                    | 1.7                    |
| Liquidity Ratio   | Monetary Assets/Current Liabilities  | 1.5             | 1.3             | 1.2             | 2.8                  | 3.1             | -                  | -                 | 1.1   | 1.1                    | 1.1                    |
| <b><u>Revenue Management</u></b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Annual Debtors Collection Rate (Payment Level %)                                | Last 12 Mths Receipts/Last 12 Mths Billing   |                 | 71.7%           | 34.0%           | 45.5%                | 41.6%           | 42.3%              | 0.0%              | 0.0%  | 72.0%                  | 72.0%                  |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)  |  | 71.7%           | 34.0%           | 45.5%           | 41.6%                | 42.3%           | 0.0%               | 0.0%              | 72.0%   | 72.0%                  | 72.0%                  |
| Outstanding Debtors to Revenue  | Total Outstanding Debtors to Annual Revenue  | 6.7%            | 8.3%            | 17.7%           | 12.1%                | 7.7%            | 0.0%               | 0.0%              | 13.7%   | 13.7%                  | 13.7%                  |
| Longstanding Debtors Recovered  | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old                                    |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b><u>Creditors Management</u></b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Creditors System Efficiency   | % of Creditors Paid Within Terms (within MFMA's 65(e))                                       |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Creditors to Cash and Investments   |  | 38.7%           | 75.1%           | 85.5%           | 56.4%                | 1510.8%         | 0.0%               | 0.0%              | 11.1%   | 4.6%                   | 4.7%                   |
| <b><u>Other Indicators</u></b>  |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Electricity Distribution Losses (2)   | Total Volume Losses (kW)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|   | Total Cost of Losses (Rand '000)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|   | % Volume (units purchased and generated less units sold)/units purchased and generated       |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Water Distribution Losses (2)   | Total Volume Losses (kL)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|   | Total Cost of Losses (Rand '000)   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|   | % Volume (units purchased and generated less units sold)/units purchased and generated       |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee costs  | Employee costs/(Total Revenue - capital revenue)   | 38.8%           | 48.8%           | 43.1%           | 40.9%                | 37.5%           | 0.0%               | 0.0%              | 31.2%   | 31.2%                  | 31.2%                  |
| Remuneration  | Total remuneration/(Total Revenue - capital revenue)   | 0.0%            | 52.8%           | 48.0%           | 46.6%                | 43.1%           | 0.0%               |                   | 37.8%   | 37.8%                  | 37.8%                  |
| Repairs & Maintenance   | R&M/(Total Revenue excluding capital revenue)  | 2.2%            | 2.6%            | 2.6%            | 4.7%                 | 4.2%            | 0.0%               |                   | 5.2%  | 5.2%                   | 5.2%                   |
| Finance charges & Depreciation  | FC&D/(Total Revenue - capital revenue)   | 18.2%           | 22.7%           | 22.0%           | 22.6%                | 16.8%           | 0.0%               | 0.0%              | 18.7%   | 18.7%                  | 18.7%                  |
| <b><u>IDP regulation financial viability indicators</u></b>                     |  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| i. Debt coverage  | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year | 5.5             | 2.8             | 5.1             | 3.7                  | 3.7             | 3.7                | -                 | 5.4   | 5.4                    | 5.7                    |
| ii. O/S Service Debtors to Revenue  | Total outstanding service debtors/annual revenue received for services                       | 115.2%          | 125.5%          | 288.2%          | 169.6%               | 183.5%          | 0.0%               | 0.0%              | 228.1%  | 228.1%                 | 228.1%                 |
| iii. Cost coverage  | (Available cash + Investments)/monthly fixed operational expenditure                         | 8.3             | 5.1             | 4.7             | 3.0                  | 6.1             | -                  | -                 | 31.0  | 52.8                   | 73.7                   |



## 6.8 Performance indicators and benchmarks

### 6.9 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2020/21 MTREF the current ratio is 1.7 in the 2020/21 financial year and 2.7 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2020/21 financial year the ratio was 1:1 and as part of the financial planning strategy it has been increased to 2:1 in the 2020/21 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality.

### 6.10 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Municipality has a debt collector assisting on revenue collection for debt over 90 days.

### 6.11 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

### 6.12 Free Basic Services: basic social services package for indigent households

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Port st Johns Municipality's Indigent Policy. The target is to register 15 000 or more indigent households during the 2020/21 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 34.

The cost of the social package of the registered indigent households is financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

#### Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **6.13 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council in June 2020 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2020/21 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 61 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **6.14 Asset Management, Infrastructure and Funding and Reserves Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).



### **6.14.1 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in June 2020. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

### **6.15 Virement Policy**

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in June 2020.

### **6.16 Cash Management and Investment Policy**

The municipality's Cash Management and Investment Policy was amended by Council in May 2019. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

### **6.17 Budget Policy**

The Budget Policy has directly informed the compilation of the 2020/21 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2019/20 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies have been reviewed for 2020/21, as well as the following budget related policies below:

- Property Rates Policy;
- Funding and Reserves Policy;
- Indigent Policy;
- Long term financial planning Policy;
- Cost containment measure Policy

## **6.18 Overview of budget assumptions**

National Treasury's MFMA Circular No.98 & 99 were used to guide the compilation of the 2020/21 MTREF with the assumption of 4.5% increase.

## **6.19 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

## **6.20 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2020/21 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers; and
  - The increase in the cost of remuneration. Employee related costs comprise 51 per cent of total operating expenditure in the 2020/21 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

The rating definitions are:

## **6.21 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (61 per cent) of annual billings. Cash flow is assumed to be 61 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

## **6.22 Growth or decline in tax base of the municipality**

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

## **6.23 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2020 and shall remain in force until 30 June 2021. Municipality has used an assumption of salary increase of 6.25 per cent.

## **6.24 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## **6.25 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 87 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2020/21 MTREF of which performance has been factored into the cash flow budget.

## 6.26 Overview of budget funding

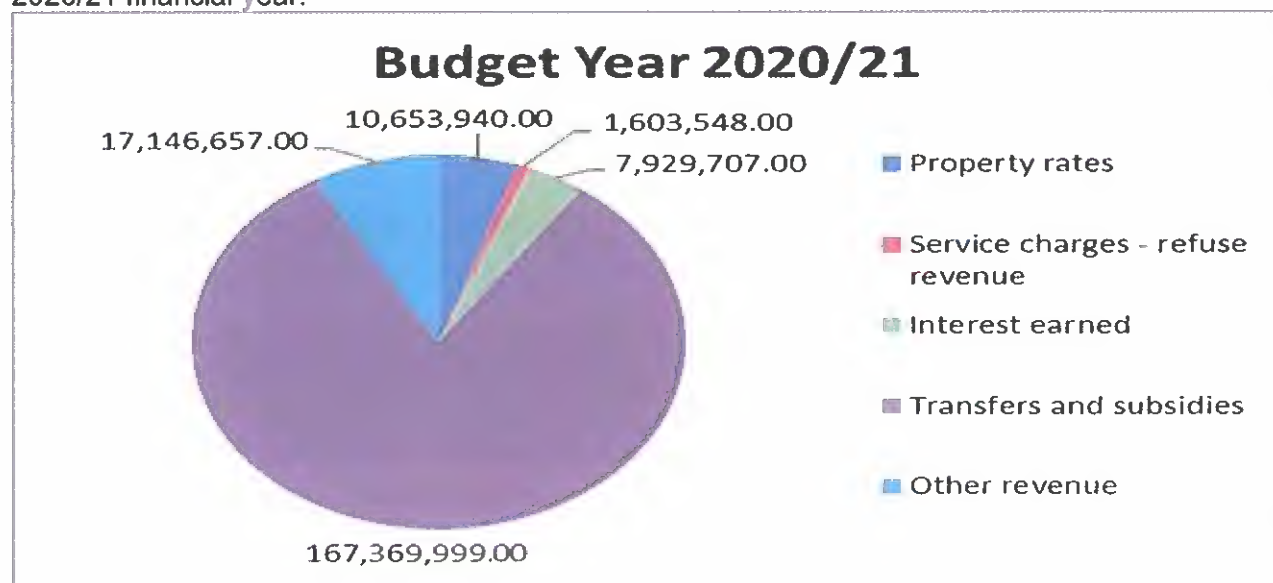
## 6.27 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 28 Breakdown of the operating revenue over the medium-term**

| EC154 Port St Johns - Table A4 Budgeted Financial Performance (revenue and expenditure) |                    |             |   |             |                        |             |                        |             |
|---|--------------------|-------------|---|-------------|------------------------|-------------|------------------------|-------------|
| Description   | Current year       |             | 2020/21 Medium Term Revenue & Expenditure Framework |             |                        |             |                        |             |
|   | Adjusted Budget    | %           | Budget Year 2020/21                                 | %           | Budget Year +1 2021/22 | %           | Budget Year +2 2022/23 | %           |
| R thousand  |                    |             |   |             |                        |             |                        |             |
| Revenue By Source   |                    |             |   |             |                        |             |                        |             |
| Property rates  | 8,038,805.00       | 4%          | 10,653,940.00                                       | 5%          | 11,165,327             | 5%          | 11,701,260.00          | 5%          |
| Service charges - refuse revenue  | 1,052,000.00       | 0%          | 1,603,548.00  | 1%          | 1,680,518              | 1%          | 1,761,183.00           | 1%          |
| Interest earned   | 10,500,000.00      | 5%          | 7,929,707.00  | 4%          | 8,310,334              | 4%          | 8,709,230.00           | 4%          |
| Transfers and subsidies   | 162,945,625.00     | 75%         | 167,369,999.00                                      | 82%         | 176,069,600            | 82%         | 184,530,086.00         | 82%         |
| Other revenue   | 33,382,663.00      | 15%         | 17,146,657.00                                       | 8%          | 17,969,697             | 8%          | 18,832,245.00          | 8%          |
| <b>Total Revenue (excluding capital transfers and contributions)</b>                    | <b>215,919,093</b> | <b>100%</b> | <b>204,703,851</b>                                  | <b>100%</b> | <b>215,195,476</b>     | <b>100%</b> | <b>225,534,004</b>     | <b>100%</b> |

The following graph is a breakdown of the operational revenue per main category for the 2020/21 financial year.



**Figure 6 Breakdown of operating revenue over the 2020/21 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and tender documents etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 61 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

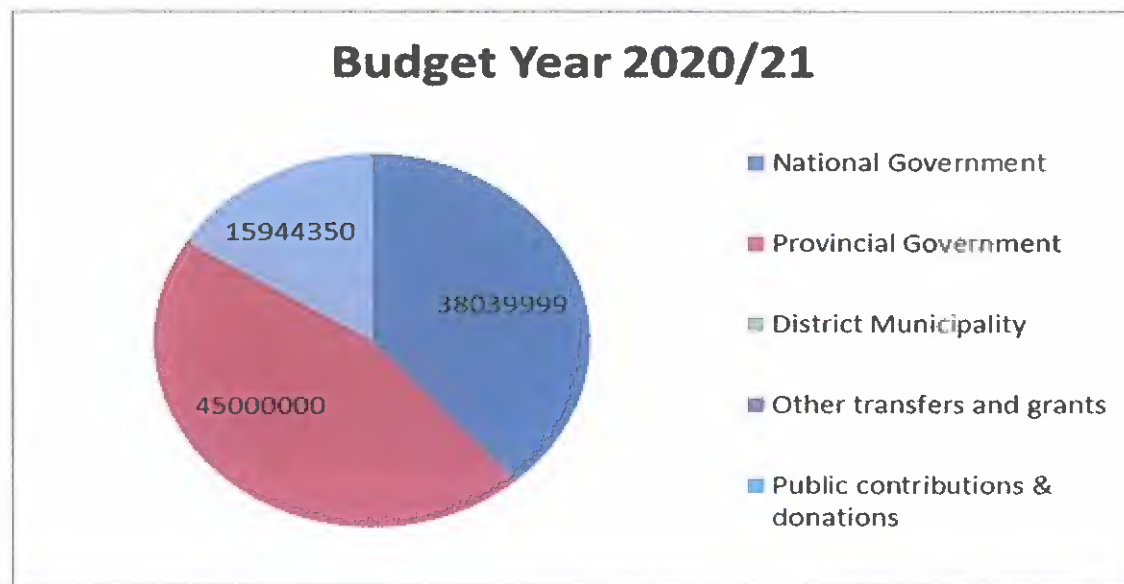
## 6.28 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2020/21 medium-term capital programme:

**Table 29 Sources of capital revenue over the MTREF**

| R thousand                       | 2020/21 Medium Term Revenue & Expenditure Framework |             |                      |             |                        |            |                        |            |
|----------------------------------|---|-------------|----------------------|-------------|------------------------|------------|------------------------|------------|
|                                  | Adjusted Budget                                     | %           | Budget Year 2020/21  | %           | Budget Year +1 2021/22 | %          | Budget Year +2 2022/23 | %          |
| <b>Funded by:</b>                |   |             |                      |             |                        |            |                        |            |
| National Government              | 48,475,550.00                                       | 39%         | 38,039,999.00        | 38%         | 44,897,001.00          | 43%        | 45,362,999.00          | 42%        |
| Provincial Government            | 47,545,000.00                                       | 38%         | 45,000,000.00        | 45%         |                        | 0%         |                        | 0%         |
| District Municipality            |   |             |                      |             |                        |            |                        |            |
| Other transfers and grants       |   |             |                      |             |                        |            |                        |            |
| Transfers recognised - capital   | 96,020,550.00                                       | 77%         | 83,039,999.00        | 84%         | 86,859,839.00          | 43%        | 90,855,389.00          | 42%        |
| Public contributions & donations |   |             |                      |             |                        |            |                        |            |
| Borrowing                        |   |             |                      |             |                        |            |                        |            |
| Internally generated funds       | 29,361,133.00                                       | 23%         | 15,944,350.00        | 16%         | 16,677,792.00          | 16%        | 17,444,968.00          | 16%        |
| <b>Total Capital Funding</b>     | <b>125,381,683.00</b>                               | <b>100%</b> | <b>98,984,349.00</b> | <b>100%</b> | <b>103,537,631.00</b>  | <b>59%</b> | <b>108,300,357.00</b>  | <b>58%</b> |

The above table is graphically represented as follows for the 2020/21 financial year.



**Figure 7 Sources of capital revenue for the 2020/21 financial year**

Capital grants and receipts equates to 82 per cent of the total funding source which represents R87 Million for the 2020/21 financial year and increase to R86 Million or 83 per cent by 2021/22 period.



**Table 30 MBRR Table SA 18 - Capital transfers and grant receipts**

EC154 Port St Johns - Supporting Table SA18 Transfers and grant receipts

| Description                                     | Ref  | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |      | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>RECEIPTS:</b>                                | 1, 2 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating Transfers and Grants</b>           |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                            |      | 120,614         | 128,027         | 139,474         | 156,931              | 156,931         | –                  | 166,870   | 175,572                | 184,012                |
| Local Government Equitable Share                |      | 117,662         | 125,772         | 135,729         | 153,034              | 153,034         |                    | 162,406   | 172,772                | 181,212                |
| Finance Management                              |      | 1,825           | 962             | 1,970           | 2,435                | 2,435           |                    | 2,800   | 2,800                  | 2,800                  |
| EPWP Incentive                                  |      | 1,000           | 1,293           | 1,775           | 1,462                | 1,462           |                    | 1,664   |                        |                        |
| Municipal Systems Improvement                   |      | 127             |                 |                 |                      |                 |                    |   |                        |                        |
| Other transfers/grants [insert description]     |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:                          |      | 300             | 105             | 3,500           | 3,550                | 6,550           | –                  | 550   | 550                    | 573                    |
| Sport and Recreation                            |      | 300             | 105             | 500             | 550                  | 550             |                    | 550   | 550                    | 573                    |
| EPWP Incentive                                  |      |                 |                 | 3,000           | 3,000                | 3,000           |                    |   |                        |                        |
| Eradication of Alien Plant                      |      |                 | –               | –               | –                    | 3,000           |                    | –   |                        |                        |
| District Municipality:                          |      | 2,000           | 700             | –               | –                    | –               | –                  | –   | –                      | –                      |
| Municipal Support programme                     |      | 2,000           | 700             |                 |                      |                 |                    |   |                        |                        |
| Other grant providers:                          |      | 1,010           | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Financial Management support(Local Government)  |      | 1,010           |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Operating Transfers and Grants</b>     | 5    | 123,924         | 128,833         | 142,974         | 160,481              | 163,481         | –                  | 167,420   | 176,122                | 184,585                |
| <b>Capital Transfers and Grants</b>             |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:                            |      | 49,781          | 45,746          | 59,645          | 43,547               | 48,476          | –                  | 38,040  | 44,897                 | 45,363                 |
| Municipal Infrastructure Grant (MIG)            |      | 36,781          | 27,746          | 33,705          | 34,345               | 34,345          |                    | 34,134  | 36,864                 | 38,863                 |
| Integrated National Electrification Programme   |      | 13,000          | 18,000          | 25,940          | 9,202                | 14,131          |                    | 3,906   | 8,033                  | 6,500                  |
| Provincial Government:                          |      | –               | 5,181           | 23,775          | 33,780               | 47,545          | –                  | 45,000  | –                      | –                      |
| Small town revitalisation                       |      |                 | 5,181           | 23,775          | 33,780               | 47,545          |                    | 45,000  | –                      | –                      |
| District Municipality:                          |      | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Municipal Support programme                     |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other grant providers:                          |      | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Financial Management s                          |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total Capital Transfers and Grants</b>       | 5    | 49,781          | 50,927          | 83,420          | 77,327               | 96,021          | –                  | 83,040  | 44,897                 | 45,363                 |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b> |      | 173,705         | 179,760         | 226,394         | 237,808              | 259,502         | –                  | 250,460   | 221,019                | 229,948                |

## 6.29 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- (debt).

**Table 31 MBRR Table A7 - Budget cash flow statement****EC154 Port St Johns - Table A7 Budgeted Cash Flows**

| Description                                      | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                  |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget  | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |     |                 |                 |                 |                      |                  |                    |                   |   |                        |                        |
| <b>Receipts</b>                                  |     |                 |                 |                 |                      |                  |                    |                   |   |                        |                        |
| Property rates                                   |     | 5,876           | 2,934           | 4,603           | 3,763                | 3,486            | —                  | —                 | 7,849   | 8,210                  | 8,588                  |
| Service charges                                  |     | 430             | 333             |                 | 358                  | 358              | —                  | —                 | 978   | 1,023                  | 1,070                  |
| Other revenue                                    |     | 14,216          | 11,223          | 7,876           | 7,067                | 3,066            | —                  | —                 | 23,316  | 24,389                 | 25,511                 |
| Transfers and Subsidies - Operational            | †   | 14,216          | 137,773         | 135,747         | 160,981              | 160,981          | —                  | —                 | 167,144   | 174,833                | 182,875                |
| Transfers and Subsidies - Capital                | †   | 173,869         | 50,927          | 93,325          | 43,547               | 48,476           | —                  | —                 | 38,040  | 39,790                 | 41,620                 |
| Interest   |     | 3,837           | 3,692           | 5,251           | 4,370                | 9,683            | —                  | —                 | 6,559   | 6,860                  | 7,176                  |
| Dividends  |     | —               | —               | —               | —                    | —                | —                  | —                 | —   | —                      | —                      |
| <b>Payments</b>                                  |     |                 |                 |                 |                      |                  |                    |                   |   |                        |                        |
| Suppliers and employees                          |     | (127,991)       | (151,017)       | (158,767)       | (163,769)            | (176,563)        | —                  | —                 | 125,379   | 131,146                | 137,179                |
| Finance charges                                  |     | (5)             | (428)           | (568)           | (382)                | (282)            | —                  | —                 | 451   | 471                    | 493                    |
| Transfers and Grants                             | †   | —               | (7,534)         | (10,390)        | (8,909)              | (8,909)          | —                  | —                 | —   | —                      | —                      |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> |     | <b>84,448</b>   | <b>47,903</b>   | <b>77,077</b>   | <b>47,026</b>        | <b>40,295</b>    | <b>—</b>           | <b>—</b>          | <b>369,715</b>                                      | <b>386,722</b>         | <b>404,512</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |     |                 |                 |                 |                      |                  |                    |                   |   |                        |                        |
| <b>Receipts</b>                                  |     |                 |                 |                 |                      |                  |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                      |     | —               | 620             | —               | —                    | —                | —                  | —                 | —   | —                      | —                      |
| Decrease (increase) in non-current receivables   |     | —               | —               | —               | —                    | —                | —                  | —                 | —   | —                      | —                      |
| Decrease (increase) in non-current investments   |     | —               | —               | —               | —                    | —                | —                  | —                 | —   | —                      | —                      |
| <b>Payments</b>                                  |     |                 |                 |                 |                      |                  |                    |                   |   |                        |                        |
| Capital assets                                   |     | (51,469)        | (47,613)        | (87,633)        | (102,460)            | (122,578)        | —                  | —                 | (100,984)   | (105,630)              | (110,489)              |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> |     | <b>(51,469)</b> | <b>(46,992)</b> | <b>(87,633)</b> | <b>(102,460)</b>     | <b>(122,578)</b> | <b>—</b>           | <b>—</b>          | <b>(100,984)</b>                                    | <b>(105,630)</b>       | <b>(110,489)</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |     |                 |                 |                 |                      |                  |                    |                   |   |                        |                        |
| <b>Receipts</b>                                  |     |                 |                 |                 |                      |                  |                    |                   |   |                        |                        |
| Short term loans                                 |     | —               | —               | —               | —                    | —                | —                  | —                 | —   | —                      | —                      |
| Borrowing long term/refinancing                  |     | —               | —               | —               | —                    | —                | —                  | —                 | —   | —                      | —                      |
| Increase (decrease) in consumer deposits         |     | —               | —               | —               | —                    | —                | —                  | —                 | —   | —                      | —                      |
| <b>Payments</b>                                  |     |                 |                 |                 |                      |                  |                    |                   |   |                        |                        |
| Repayment of borrowing                           |     | —               | (138)           | (434)           | —                    | —                | —                  | —                 | —   | —                      | —                      |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b> |     | <b>—</b>        | <b>(138)</b>    | <b>(434)</b>    | <b>—</b>             | <b>—</b>         | <b>—</b>           | <b>—</b>          | <b>—</b>  | <b>—</b>               | <b>—</b>               |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>     |     | <b>32,978</b>   | <b>773</b>      | <b>(10,990)</b> | <b>(55,434)</b>      | <b>(82,283)</b>  | <b>—</b>           | <b>—</b>          | <b>268,731</b>                                      | <b>281,093</b>         | <b>294,023</b>         |
| Cash/cash equivalents at the year begin:         | 2   | 37,294          | 49,602          | 57,909          | 90,953               | 83,610           | —                  | —                 | 91,289  | 360,020                | 641,112                |
| Cash/cash equivalents at the year end:           | 2   | 70,272          | 50,375          | 46,919          | 35,519               | 1,326            | —                  | —                 | 360,020   | 641,112                | 935,135                |

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- It can be seen that the cash levels of the municipality has increased over the 2016/17 to 2018/19 period.
- The approved 2019/20 MTREF provide for a further net decrease in cash of R90 thousand for the 2019/20 financial year resulting in an overall projected positive cash position of R35 million at year end.

11. The 2020/21 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
12. Cash and cash equivalents totals R360 thousand as at the end of the 2020/21 financial year and increase to R935 thousand by 2022/23

#### 15.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

EC154 Port St Johns - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description                                       | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>Cash and investments available</b>             |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end             | 1   | 70,272          | 50,375          | 48,910          | 35,519               | 1,326           | -                  | -                 | 360,020   | 641,112                | 935,135                |
| Other current investments > 90 days               |     | (20,670)        | 7,534           | 10,390          | 22,615               | 63,452          | -                  | -                 | (302,711)   | (581,168)              | (872,433)              |
| Non current assets - investments                  | 1   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Cash and investments available:</b>            |     | <b>49,602</b>   | <b>57,909</b>   | <b>57,309</b>   | <b>58,134</b>        | <b>64,778</b>   | <b>-</b>           | <b>-</b>          | <b>57,309</b>                                       | <b>59,945</b>          | <b>62,702</b>          |
| <b>Application of cash and investments</b>        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Unspent conditional transfers                     |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Unspent borrowing                                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Statutory requirements                            | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other working capital requirements                | 3   | 15,583          | 24,223          | 18,408          | 11,610               | 17,544          | -                  | -                 | 12,489  | 13,144                 | 13,832                 |
| Other provisions                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Long term investments committed                   | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Reserves to be backed by cash/investments         | 5   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Application of cash and Investments:</b> |     | <b>15,583</b>   | <b>24,223</b>   | <b>18,408</b>   | <b>11,610</b>        | <b>17,544</b>   | <b>-</b>           | <b>-</b>          | <b>12,489</b>                                       | <b>13,144</b>          | <b>13,832</b>          |
| <b>Surplus(shortfall)</b>                         |     | <b>34,019</b>   | <b>33,686</b>   | <b>38,901</b>   | <b>46,524</b>        | <b>47,234</b>   | <b>-</b>           | <b>-</b>          | <b>44,820</b>                                       | <b>46,801</b>          | <b>48,870</b>          |

#### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2016/17 to 2018/19 the surplus increased from R34 million to a surplus of R47 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2020/21 MTREF was funded because it shows a surplus of R44 million.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2020/21 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a surplus of R47 million in 2019/20 to a surplus of R44 million by 2020/21.

### 15.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 32 MBRR SA10 – Funding compliance measurement**

EC154 Port St Johns Supporting Table SA10 Funding measurement

| EC104 Port of Durban Supporting Table 5A16 - Funding measurement |              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|--|--------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description  | MFMA section | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|  |              |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Funding measures   |              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end - R'000                    | 18(1)b       | 1   | 70,272          | 50,375          | 46,919          | 35,519               | 1,326           | —                  | —                 | 360,020   | 641,112                | 935,135                |
| Cash + investments at the yr end less applications - R'000       | 18(1)b       | 2   | 34,019          | 33,686          | 38,901          | 46,524               | 47,234          | —                  | —                 | 44,820  | 46,801                 | 48,870                 |
| Cash year end/monthly employee/supplier payments                 | 18(1)b       | 3   | 83              | 5.1             | 4.7             | 3.0                  | 0.1             | —                  | —                 | 31.0  | 52.8                   | 73.7                   |
| Surplus/(Deficit) excluding depreciation offsets: R'000          | 18(1)        | 4   | 48,409          | 19,233          | 65,990          | 49,725               | 81,701          | —                  | —                 | 60,516  | 63,300                 | 66,212                 |
| Service charge rev % change - macro CPD target exclusive         | 18(1)a,(2)   | 5   | N/A             | 3.4%            | (0.8%)          | (5.1%)               | (14.2%)         | (106.0%)           | (5.0%)            | 28.8%   | (1.4%)                 | (1.4%)                 |
| Cash receipts % of Ratepayer & Other revenue                     | 18(1)a,(2)   | 6   | 114.2%          | 112.3%          | 74.3%           | 35.6%                | 14.9%           | 0.0%               | 0.0%              | 98.3%   | 98.3%                  | 98.3%                  |
| Debt impairment expense as a % of total billable revenue         | 18(1)a,(2)   | 7   | 34.9%           | 74.9%           | 43.5%           | 67.0%                | 55.0%           | 0.0%               | 0.0%              | 40.8%   | 40.8%                  | 40.8%                  |
| Capital payments % of capital expenditure                        | 18(1)c,19    | 8   | 0.0%            | 877.3%          | 1299.5%         | 189.8%               | 174.6%          | 0.0%               | 0.0%              | 185.3%  | 185.3%                 | 185.3%                 |
| Borrowing receipts % of capital expenditure (excl. transfers)    | 18(1)c       | 9   | 0.0%            | 0.0%            | 0.0%            | 0.0%                 | 0.0%            | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| Grants % of Govt. legislated/gazetted allocations                | 18(1)a       | 10  |                 |                 |                 |                      |                 |                    |                   | 0.0%  | 0.0%                   | 0.0%                   |
| Current consumer debtors % change - incr(decr)                   | 18(1)a       | 11  | N/A             | 18.7%           | 141.3%          | (42.2%)              | (1.0%)          | (100.0%)           | 0.0%              | 68.1%   | 4.6%                   | 4.6%                   |
| Long term receivables % change - incr(decr)                      | 18(1)a       | 12  | N/A             | 0.0%            | 0.0%            | 0.0%                 | (100.0%)        | 0.0%               | 0.0%              | 0.0%  | 0.0%                   | 0.0%                   |
| R&M % of Property Plant & Equipment                              | 20(1)(vi)    | 13  | 0.9%            | 0.9%            | 0.9%            | 1.9%                 | 1.8%            | 0.0%               | 0.0%              | 2.4%  | 2.4%                   | 2.4%                   |
| Asset renewal % of capital budget                                | 20(1)(vi)    | 14  | 0.0%            | 3914.4%         | (2281.5%)       | 0.0%                 | 143.1%          | 0.0%               | 0.0%              | 157.3%  | 157.3%                 | 157.3%                 |

### 6.30 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2020/21 MTREF shows R44 million, R46 million and R48 million for each respective financial year.

### 6.31 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 30. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

### **6.32 Monthly average payments covered by cash or cash equivalents**

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2016/17 to 2019/20, moving from 1.7 to (1.1) with the adopted 2020/21 MTREF. As part of the 2020/21 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.7 and then reduces slightly to 1.7 for the outer years. As indicated above the municipality's aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

### **6.33 Surplus/deficit excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2020/21 MTREF the indicative outcome is a surplus of R47 million in 2019/20 to a surplus of R44 million by 2020/21.

### **6.34 Property Rates/service charge revenue as a percentage increase less macro inflation target**

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 4.9 per cent). The result is intended to be an approximation of the real increase in revenue.

### **6.35 Cash receipts as a percentage of ratepayer and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 61. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and



adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

### **6.36 Debt impairment expense as a percentage of billable revenue**

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 2, 3 and 4. per cent respectively over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

### **6.37 Capital payments percentage of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 82.3 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

### **6.38 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0, 0 and 0 per cent of own funded capital.

### **6.39 Transfers/grants revenue as a percentage of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

### **6.40 Consumer debtors change (Current and Non-current)**

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the municipality's policy of settling debtors accounts within 30 days.

### **6.41 Repairs and maintenance expenditure level**

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy



pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 81.

#### **6.42 Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 80.

## 6.43 Expenditure on grants and reconciliations of unspent funds

**Table 33 MBRR SA19 - Expenditure on transfers and grant programmes**

EC154 Port St Johns - Supporting Table SA19 Expenditure on transfers and grant programme

| 2019/2020 Medium Term Revenue & Expenditure Framework - Supporting Table GR1: Expenditure on transfers and grant programmes |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description   | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>EXPENDITURE:</b>   |     | 1               |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating expenditure of Transfers and Grants</b>  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:  |     | 120,614         | 128,027         | 139,474         | 156,931              | 156,931         | -                  | 166,870   | 175,572                | 184,612                |
| Local Government Equitable Share  |     | 117,662         | 125,772         | 135,729         | 153,034              | 153,034         |                    | 162,406   | 172,772                | 181,212                |
| Finance Management  |     | 1,825           | 962             | 1,970           | 2,435                | 2,435           |                    | 2,800   | 2,800                  | 2,800                  |
| EPWP Incentive  |     | 1,000           | 1,293           | 1,775           | 1,462                | 1,462           |                    | 1,664   |                        |                        |
| Municipal Systems Improvement   |     | 127             |                 |                 |                      |                 |                    |   |                        |                        |
| Other transfers/grants (insert description)   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:  |     | 300             | 105             | 3,500           | 3,550                | 550             | -                  | 550   | 550                    | 573                    |
| Sport and Recreation  |     | 300             | 105             | 500             | 550                  | 550             |                    | 550   | 550                    | 573                    |
| EPWP Incentive  |     |                 |                 | 3,000           | 3,000                |                 |                    |   |                        |                        |
| Eradication of Alien Plant  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| District Municipality:  |     | 2,000           | 700             | -               | -                    | -               | -                  | -   | -                      | -                      |
| Municipal Support programme   |     | 2,000           | 700             |                 |                      |                 |                    |   |                        |                        |
| Other grant providers:  |     | 1,010           | 5,181           | 23,775          | 33,780               | 47,545          | -                  | 45,000  | -                      | -                      |
| Financial Management support(Local Government)  |     | 1,010           |                 |                 |                      |                 |                    |   |                        |                        |
| Small Town Revitalisation( Local Government)  |     |                 | 5,181           | 23,775          | 33,780               | 47,545          |                    | 45,000  |                        |                        |
| Total operating expenditure of Transfers and Grant  |     | 123,924         | 134,014         | 166,749         | 194,261              | 205,026         | -                  | 212,420   | 176,122                | 184,585                |
| <b>Capital expenditure of Transfers and Grants</b>  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| National Government:  |     | 49,781          | 45,746          | 59,645          | 43,547               | 43,547          | -                  | 38,040  | 44,897                 | 45,363                 |
| Municipal Infrastructure Grant (MIG)  |     | 36,781          | 27,746          | 33,705          | 34,345               | 34,345          |                    | 34,134  | 36,864                 | 38,863                 |
| Integrated National Electrification Programme   |     | 13,000          | 18,000          | 25,940          | 9,202                | 9,202           |                    | 3,906   | 8,033                  | 6,500                  |
| Provincial Government:  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other capital transfers/grants (insert description)   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| District Municipality:  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Municipal Support programme   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other grant providers:  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Financial Management s  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Total capital expenditure of Transfers and Grants   |     | 49,781          | 45,746          | 59,645          | 43,547               | 43,547          | -                  | 38,040  | 44,897                 | 45,363                 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS   |     | 173,705         | 179,760         | 226,394         | 237,808              | 248,573         | -                  | 250,460   | 221,019                | 229,948                |

**Table 34 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

EC154 Port St Johns - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

| Description   | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>R thousand</b>                                       |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating transfers and grants:</b>                  | 1,3 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                             |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Provincial Government:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>District Municipality:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Other grant providers:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total operating transfers and grants revenue</b>     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total operating transfers and grants - CTBM</b>      | 2   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Capital transfers and grants:</b>                    | 1,3 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                             |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Provincial Government:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>District Municipality:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Other grant providers:</b>                           |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Current year receipts                                   |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Conditions met - transferred to revenue                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Conditions still to be met - transferred to liabilities |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total capital transfers and grants revenue</b>       |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total capital transfers and grants - CTBM</b>        | 2   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>TOTAL TRANSFERS AND GRANTS REVENUE</b>               |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

## **6.44 Councillor and employee benefits**

**Table 35 MBRR SA22 - Summary of councillor and staff benefits**

| Summary of Employee and Councillor remuneration          | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>Councillors (Political Office Bearers plus Other)</b> | 1   | A               | B               | C               | D                    | E               | F                  | G   | H                      | I                      |
| Basic Salaries and Wages                                 |     | -               | 11,908          | 12,219          | 10,013               | 12,036          | -                  | 9,905   | 10,361                 | 10,838                 |
| Pension and UIF Contributions                            |     | -               | 338             | 27              | -                    | -               | -                  | -   | -                      | -                      |
| Medical Aid Contributions                                |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                  |     | -               | 1,074           | 210             | 1,452                | -               | -                  | 3,285   | 3,436                  | 3,594                  |
| Cellphone Allowance                                      |     | -               | 348             | 691             | 39                   | -               | -                  | 287   | 300                    | 314                    |
| Housing Allowances                                       |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other benefits and allowances                            |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Councillors</b>                           |     | -               | 13,669          | 13,148          | 11,504               | 12,036          | -                  | 13,477  | 14,097                 | 14,745                 |
| <b>% increase</b>  | 4   | -               | -               | (3.8%)          | (12.5%)              | 4.6%            | (100.0%)           | -   | 4.6%                   | 4.6%                   |
| <b>Senior Managers of the Municipality</b>               | 2   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                 |     | -               | 9,858           | 2,565           | 4,813                | 4,813           | -                  | 6,266   | 6,554                  | 6,855                  |
| Pension and UIF Contributions                            |     | -               | 2,029           | 763             | 694                  | 1,964           | -                  | 63  | 66                     | 69                     |
| Medical Aid Contributions                                |     | -               | 237             | 72              | -                    | -               | -                  | 87  | 91                     | 95                     |
| Overtime   |     | -               | (80)            | -               | -                    | -               | -                  | -   | -                      | -                      |
| Performance Bonus  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                  | 3   | -               | -               | -               | 193                  | 193             | -                  | -   | -                      | -                      |
| Cellphone Allowance                                      | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing Allowances                                       | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other benefits and allowances                            | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Payments in lieu of leave                                |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Long service awards                                      |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Post-retirement benefit obligations                      | 6   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Senior Managers of Municipality</b>       |     | -               | 12,044          | 3,400           | 5,700                | 6,970           | -                  | 6,416   | 6,711                  | 7,020                  |
| <b>% increase</b>  | 4   | -               | -               | (71.8%)         | 67.7%                | 22.3%           | (100.0%)           | -   | 4.6%                   | 4.6%                   |
| <b>Other Municipal Staff</b>                             |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                 |     | -               | 39,500          | 53,190          | 36,486               | 62,472          | -                  | 30,257  | 31,649                 | 33,105                 |
| Pension and UIF Contributions                            |     | -               | 6,760           | 6,446           | 21,767               | 5,440           | -                  | 13,822  | 14,458                 | 15,123                 |
| Medical Aid Contributions                                |     | -               | 3,735           | 2,521           | 10,427               | 2,872           | -                  | 7,863   | 8,225                  | 8,603                  |
| Overtime   |     | -               | 12              | 1               | 944                  | 817             | -                  | 868   | 908                    | 950                    |
| Performance Bonus  |     | -               | 159             | (7)             | 4,924                | 2,428           | -                  | 4,609   | 4,821                  | 5,043                  |
| Motor Vehicle Allowance                                  | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Cellphone Allowance                                      | 3   | -               | -               | -               | 48                   | -               | -                  | -   | -                      | -                      |
| Housing Allowances                                       | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other benefits and allowances                            | 3   | -               | 697             | 13              | 3                    | -               | -                  | 7   | 7                      | 8                      |
| Payments in lieu of leave                                |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Long service awards                                      |     | -               | 350             | -               | -                    | -               | -                  | -   | -                      | -                      |
| Post-retirement benefit obligations                      | 6   | -               | (117)           | 662             | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Other Municipal Staff</b>                 |     | -               | 51,096          | 62,826          | 74,600               | 74,029          | -                  | 57,426  | 60,068                 | 62,831                 |
| <b>% increase</b>  | 4   | -               | -               | 23.0%           | 18.7%                | (0.8%)          | (100.0%)           | -   | 4.6%                   | 4.6%                   |
| <b>Total Parent Municipality</b>                         |     | -               | 76,809          | 79,374          | 91,804               | 93,034          | -                  | 77,319  | 80,876                 | 84,596                 |
| <b>Board Members of Entities</b>                         |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Pension and UIF Contributions                            |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Medical Aid Contributions                                |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Overtime   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Performance Bonus  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                  | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Cellphone Allowance                                      | 3   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing Allowances                                       | 3   | -               | -               |                 |                      |                 |                    |   |                        |                        |

**Table 36 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)****EC154 Port St Johns - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

| Disclosure of Salaries, Allowances & Benefits 1. | Ref | No. | Salary           | Contribution     | Allowances     | Performance Bonuses | In-kind benefits | Total Package     |
|--|-----|-----|------------------|------------------|----------------|---------------------|------------------|-------------------|
| Rand per annum                                   |     |     |                  | 1.               |                |                     |                  | 2.                |
| <b>Councillors</b>                               | 3   |     |                  |                  |                |                     |                  |                   |
| Speaker  | 4   |     | 508,926          | 169,642          | 47,175         |                     |                  | 725,743           |
| Chief Whip                                       |     |     | 489,954          | 163,318          | 4,399          |                     |                  | 657,670           |
| Executive Mayor                                  |     |     | 653,270          | 217,757          | 4,399          |                     |                  | 875,426           |
| Deputy Executive Mayor                           |     |     |                  |                  |                |                     |                  | -                 |
| Executive Committee                              |     |     | 1,913,344        | 637,781          | 53,104         |                     |                  | 2,604,228         |
| Total for all other councillors                  |     |     | 6,288,213        | 2,096,071        | 229,564        |                     |                  | 8,613,848         |
| <b>Total Councillors</b>                         | 8   | -   | <b>9,853,708</b> | <b>3,284,568</b> | <b>338,640</b> |                     |                  | <b>13,476,916</b> |
| <b>Senior Managers of the Municipality</b>       | 5   |     |                  |                  |                |                     |                  |                   |
| Municipal Manager (MM)                           |     |     | 1,186,551        |                  | 49,440         |                     |                  | 1,235,990         |
| Chief Finance Officer                            |     |     | 974,220          |                  | 40,592         |                     |                  | 1,014,813         |
| Senior Manager Local Economic Development        |     |     | 974,220          |                  | 40,592         |                     |                  | 1,014,813         |
| Senior Manager Corporate services                |     |     | 974,220          |                  | 40,592         |                     |                  | 1,014,813         |
| Senior Manager Community services                |     |     | 974,220          |                  | 40,592         |                     |                  | 1,014,813         |
| Senior Mnager Engineering                        |     |     | 974,220          |                  | 40,592         |                     |                  | 1,014,813         |



**Table 37 MBRR SA24 – Summary of personnel numbers**

EC154 Port St Johns - Supporting Table SA24 Summary of personnel numbers

| Summary of Personnel Numbers                                  | Ref | 2018/19   |                     |                    | Current Year 2019/20 |                     |                    | Budget Year 2020/21 |                     |                    |
|---|-----|-----------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
|   |     | Positions | Permanent employees | Contract employees | Positions            | Permanent employees | Contract employees | Positions           | Permanent employees | Contract employees |
| <b>Municipal Council and Boards of Municipal Entities</b>     |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Councillors (Political Office Bearers plus Other Councillors) | 4   | 39        |                     | 39                 | 39                   |                     | 39                 | 39                  | 3                   | 36                 |
| Board Members of municipal entities                           | 5   |           |                     |                    |                      |                     |                    |                     |                     |                    |
| <b>Municipal employees</b>                                    | 3   | 6         |                     | 6                  | 6                    |                     | 6                  | 6                   |                     | 6                  |
| Municipal Manager and Senior Managers                         | 7   | 15        | 5                   |                    | 15                   | 10                  | 5                  | 15                  | 15                  |                    |
| Other Managers  |     | 29        | 12                  | 3                  | 28                   | 12                  | 3                  | 151                 | 151                 | -                  |
| Professionals   |     | 26        | 9                   | 3                  | 26                   | 10                  | 3                  | 23                  | 23                  |                    |
| Finance   |     | 1         | 1                   |                    | 1                    | 1                   |                    | 1                   | 1                   |                    |
| Spatial/town planning   |     | 2         | 2                   |                    | 1                    | 1                   |                    | 2                   | 2                   |                    |
| Information Technology  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Roads   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Electricity   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Water   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Sanitation  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Refuse  |     |           |                     |                    |                      |                     |                    | 125                 | 125                 |                    |
| Other   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Technicians   |     | 30        | 24                  | -                  | 28                   | 22                  | -                  | 60                  | 58                  | 2                  |
| Finance   |     | 2         | 2                   |                    |                      |                     |                    |                     |                     |                    |
| Spatial/town planning   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Information Technology  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Roads   |     | 28        | 22                  |                    | 28                   | 22                  |                    | 30                  | 28                  | 2                  |
| Electricity   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Water   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Sanitation  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Refuse  |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Other   |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Clerks (Clerical and administrative)                          |     | 102       | 58                  |                    | 102                  | 58                  | 12                 | 30                  | 30                  |                    |
| Service and sales workers                                     |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Skilled agricultural and fishery workers                      |     |           |                     |                    |                      |                     |                    |                     |                     |                    |
| Craft and related trades                                      |     |           |                     |                    |                      |                     |                    | 9                   | 9                   |                    |
| Plant and Machine Operators                                   |     | 34        | 29                  |                    | 34                   | 29                  |                    |                     |                     |                    |
| Elementary Occupations  |     | 89        | 74                  |                    | 89                   | 74                  |                    |                     |                     |                    |
| <b>TOTAL PERSONNEL NUMBERS</b>                                | 9   | 344       | 282                 | 48                 | 341                  | 205                 | 65                 | 280                 | 236                 | 44                 |

**6.45 Monthly targets for revenue, expenditure and cash flow**

**Table 38 MBRR SA25 - Budgeted monthly revenue and expenditure**

EC154 Port St Johns - Supporting Table SA25 Budgeted monthly revenue and expenditure

| Description  | Ref | Budget Year 2020/21 |        |        |         |          |          |         |          |        |        |        |          | Medium Term Revenue and Expenditure Framework |                        |                        |
|--|-----|---------------------|--------|--------|---------|----------|----------|---------|----------|--------|--------|--------|----------|---|------------------------|------------------------|
|  |     | July                | August | Sept.  | October | November | December | January | February | March  | April  | May    | June     | Budget Year 2020/21                           | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand   |     |                     |        |        |         |          |          |         |          |        |        |        |          |   |                        |                        |
| Revenue By Source  |     |                     |        |        |         |          |          |         |          |        |        |        |          |   |                        |                        |
| Property rates   |     | 778                 | 778    | 778    | 778     | 778      | 778      | 778     | 778      | 778    | 778    | 778    | 2,086    | 10,654  | 11,144                 | 11,657                 |
| Service charges - electricity revenue  |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -        | -   | -                      | -                      |
| Service charges - water revenue  |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -        | -   | -                      | -                      |
| Service charges - sanitation revenue   |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -        | -   | -                      | -                      |
| Service charges - refuse revenue   |     | 92                  | 92     | 92     | 92      | 92       | 92       | 92      | 92       | 92     | 92     | 92     | 587      | 1,604   | 1,677                  | 1,754                  |
| Rental of facilities and equipment   |     | 5                   | 5      | 5      | 5       | 5        | 5        | 5       | 5        | 5      | 5      | 5      | 4        | 55  | 58                     | 60                     |
| Interest earned - external investments   |     | 370                 | 370    | 370    | 370     | 370      | 370      | 370     | 370      | 370    | 370    | 370    | 349      | 4,414   | 4,617                  | 4,830                  |
| Interest earned - outstanding debtors  |     | 44                  | 44     | 44     | 44      | 44       | 44       | 44      | 44       | 44     | 44     | 44     | 3,031    | 3,516   | 3,677                  | 3,846                  |
| Dividends received   |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -        | -   | -                      | -                      |
| Fines, penalties and forfeits  |     | 4                   | 4      | 4      | 4       | 4        | 4        | 4       | 4        | 4      | 4      | 4      | 4        | 52  | 55                     | 57                     |
| Licences and permits   |     | 6                   | 6      | 6      | 6       | 6        | 6        | 6       | 6        | 6      | 6      | 6      | 14       | 85  | 89                     | 93                     |
| Agency services  |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -        | -   | -                      | -                      |
| Transfers and subsidies  |     | 13,825              | 13,825 | 13,825 | 13,825  | 13,825   | 13,825   | 13,825  | 13,825   | 13,825 | 13,825 | 13,825 | 15,299   | 167,370                                       | 175,069                | 183,122                |
| Other revenue  |     | 1,394               | 1,394  | 1,394  | 1,394   | 1,394    | 1,394    | 1,394   | 1,394    | 1,394  | 1,394  | 1,394  | 1,394    | 16,732  | 17,502                 | 18,307                 |
| Gains  |     | 6                   | 6      | 6      | 6       | 6        | 6        | 6       | 6        | 6      | 6      | 6      | 151      | 222   | 232                    | 243                    |
| Total Revenue (excluding capital transfers and contributions)  |     | 16,525              | 16,525 | 16,525 | 16,525  | 16,525   | 16,525   | 16,525  | 16,525   | 16,525 | 16,525 | 16,525 | 22,929   | 204,704                                       | 214,120                | 223,970                |
| Expenditure By Type  |     |                     |        |        |         |          |          |         |          |        |        |        |          |   |                        |                        |
| Employee related costs   |     | 5,320               | 5,320  | 5,320  | 5,320   | 5,320    | 5,320    | 5,320   | 5,320    | 5,320  | 5,320  | 5,320  | 5,320    | 63,842  | 66,779                 | 69,851                 |
| Remuneration of councillors  |     | 1,021               | 1,021  | 1,021  | 1,021   | 1,021    | 1,021    | 1,021   | 1,021    | 1,021  | 1,021  | 1,021  | 2,247    | 13,477  | 14,097                 | 14,745                 |
| Debt impairment  |     | 417                 | 417    | 417    | 417     | 417      | 417      | 417     | 417      | 417    | 417    | 417    | 417      | 5,000   | 5,230                  | 5,471                  |
| Depreciation & asset impairment  |     | 3,149               | 3,149  | 3,149  | 3,149   | 3,149    | 3,149    | 3,149   | 3,149    | 3,149  | 3,149  | 3,149  | 3,149    | 37,785  | 39,523                 | 41,341                 |
| Finance charges  |     | 33                  | 33     | 33     | 33      | 33       | 33       | 33      | 33       | 33     | 33     | 33     | 82       | 451   | 471                    | 493                    |
| Bulk purchases   |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -        | -   | -                      | -                      |
| Other materials  |     | 8                   | 8      | 8      | 8       | 8        | 8        | 8       | 8        | 8      | 8      | 8      | 207      | 294   | 308                    | 322                    |
| Contracted services  |     | 688                 | 688    | 688    | 688     | 688      | 688      | 688     | 688      | 688    | 688    | 688    | 7,335    | 14,905  | 15,590                 | 16,307                 |
| Transfers and subsidies  |     | 781                 | 781    | 781    | 781     | 781      | 781      | 781     | 781      | 781    | 781    | 781    | 6,148    | 14,740  | 15,418                 | 16,127                 |
| Other expenditure  |     | 5,659               | 5,659  | 5,659  | 5,659   | 5,659    | 5,659    | 5,659   | 5,659    | 5,659  | 5,659  | 5,659  | 14,491   | 76,735  | 80,265                 | 83,957                 |
| Losses   |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -        | -   | -                      | -                      |
| Total Expenditure  |     | 17,076              | 17,076 | 17,076 | 17,076  | 17,076   | 17,076   | 17,076  | 17,076   | 17,076 | 17,076 | 17,076 | 39,396   | 227,228                                       | 237,680                | 248,613                |
| Surplus/(Deficit)  |     | (551)               | (551)  | (551)  | (551)   | (551)    | (551)    | (551)   | (551)    | (551)  | (551)  | (551)  | (16,467) | (22,524)                                      | (23,560)               | (24,644)               |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |     | 5,364               | 5,364  | 5,364  | 5,364   | 5,364    | 5,364    | 5,364   | 5,364    | 5,364  | 5,364  | 5,364  | 24,041   | 83,040  | 86,860                 | 90,855                 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -        | -   | -                      | -                      |
| June 2020 and subsidies - capital (in-kind - all)  |     | -                   | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -        | -   | -                      | 70                     |
| Surplus/(Deficit) after capital transfers & contributions  |     | 4,813               | 4,813  | 4,813  | 4,813   | 4,813    | 4,813    | 4,813   | 4,813    | 4,813  | 4,813  | 4,813  | 7,574    | 60,516  | 63,300                 | 65,212                 |

Table 39 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC154 Port St Johns - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

| Description                                   | Ref      | Budget Year 2020/21 |               |               |               |               |               |               |               |               |               |               |                 | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|----------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---|------------------------|------------------------|
|   |          | July                | August        | Sept.         | October       | November      | December      | January       | February      | March         | April         | May           | June            | Budget Year 2020/21                           | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>R thousand</b>                             |          |                     |               |               |               |               |               |               |               |               |               |               |                 |   |                        |                        |
| <b>Revenue by Vote</b>                        |          |                     |               |               |               |               |               |               |               |               |               |               |                 |   |                        |                        |
| Vote 1 - Executive AND Council (20: IE)       |          | 2,204               | 2,204         | 2,204         | 2,204         | 2,204         | 2,204         | 2,204         | 2,204         | 2,204         | 2,204         | 2,204         | 2,192           | 26,434  | 27,650                 | 28,921                 |
| Vote 2 - LED (21: IE)                         |          | 883                 | 883           | 883           | 883           | 883           | 883           | 883           | 883           | 883           | 883           | 883           | 878             | 10,588  | 11,076                 | 11,585                 |
| Vote 3 - Municipal Manager (22: IE)           |          | 972                 | 972           | 972           | 972           | 972           | 972           | 972           | 972           | 972           | 972           | 972           | 967             | 11,660  | 12,197                 | 12,758                 |
| Vote 4 - Corporate Services (23: IE)          |          | 704                 | 704           | 704           | 704           | 704           | 704           | 704           | 704           | 704           | 704           | 704           | 695             | 8,438   | 8,826                  | 9,232                  |
| Vote 5 - Community Services (24: IE)          |          | 1,152               | 1,152         | 1,152         | 1,152         | 1,152         | 1,152         | 1,152         | 1,152         | 1,152         | 1,152         | 1,152         | 1,152           | 13,821  | 14,457                 | 15,122                 |
| Vote 6 - Financial Services (26: IE)          |          | 4,356               | 4,356         | 4,356         | 4,356         | 4,356         | 4,356         | 4,356         | 4,356         | 4,356         | 4,356         | 4,356         | 5,895           | 53,808  | 56,284                 | 58,873                 |
| Vote 7 - Infrastructural Engineering (28: IE) |          | 10,135              | 10,135        | 10,135        | 10,135        | 10,135        | 10,135        | 10,135        | 10,135        | 10,135        | 10,135        | 10,135        | 6,512           | 117,994                                       | 123,422                | 129,099                |
| <b>Total Revenue by Vote</b>                  |          | <b>20,405</b>       | <b>20,405</b> | <b>20,405</b> | <b>20,405</b> | <b>20,405</b> | <b>20,405</b> | <b>20,405</b> | <b>20,405</b> | <b>20,405</b> | <b>20,405</b> | <b>20,405</b> | <b>18,290</b>   | <b>242,744</b>                                | <b>253,910</b>         | <b>265,590</b>         |
| <b>Expenditure by Vote to be appropriated</b> |          |                     |               |               |               |               |               |               |               |               |               |               |                 |   |                        |                        |
| Vote 1 - Executive AND Council (20: IE)       |          | 2,543               | 2,543         | 2,543         | 2,543         | 2,543         | 2,543         | 2,543         | 2,543         | 2,543         | 2,543         | 2,543         | 13,676          | 41,652  | 43,568                 | 45,572                 |
| Vote 2 - LED (21: IE)                         |          | 1,368               | 1,368         | 1,368         | 1,368         | 1,368         | 1,368         | 1,368         | 1,368         | 1,368         | 1,368         | 1,368         | 5,224           | 20,270  | 21,203                 | 22,178                 |
| Vote 3 - Municipal Manager (22: IE)           |          | 1,841               | 1,841         | 1,841         | 1,841         | 1,841         | 1,841         | 1,841         | 1,841         | 1,841         | 1,841         | 1,841         | 1,841           | 22,092  | 23,108                 | 24,171                 |
| Vote 4 - Corporate Services (23: IE)          |          | 1,284               | 1,284         | 1,284         | 1,284         | 1,284         | 1,284         | 1,284         | 1,284         | 1,284         | 1,284         | 1,284         | 1,284           | 15,404  | 16,113                 | 16,854                 |
| Vote 5 - Community Services (24: IE)          |          | 3,008               | 3,008         | 3,008         | 3,008         | 3,008         | 3,008         | 3,008         | 3,008         | 3,008         | 3,008         | 3,008         | 3,930           | 37,014  | 38,717                 | 40,498                 |
| Vote 6 - Financial Services (26: IE)          |          | 2,318               | 2,318         | 2,318         | 2,318         | 2,318         | 2,318         | 2,318         | 2,318         | 2,318         | 2,318         | 2,318         | 2,318           | 27,814  | 29,093                 | 30,431                 |
| Vote 7 - Infrastructural Engineering (28: IE) |          | 2,318               | 5,291         | 5,291         | 5,291         | 5,291         | 5,291         | 5,291         | 5,291         | 5,291         | 5,291         | 5,291         | 7,750           | 62,981  | 65,878                 | 68,909                 |
| <b>Total Expenditure by Vote</b>              |          | <b>14,679</b>       | <b>17,653</b> | <b>17,653</b> | <b>17,653</b> | <b>17,653</b> | <b>17,653</b> | <b>17,653</b> | <b>17,653</b> | <b>17,653</b> | <b>17,653</b> | <b>17,653</b> | <b>36,023</b>   | <b>227,228</b>                                | <b>237,680</b>         | <b>248,613</b>         |
| <b>Surplus/(Deficit) before assoc.</b>        |          | <b>5,726</b>        | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>(17,733)</b> | <b>15,516</b>                                 | <b>16,230</b>          | <b>16,976</b>          |
| Tax ation                                     |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -               | -   | -                      | -                      |
| Attributable to minorities                    |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -               | -   | -                      | -                      |
| Share of surplus/ (deficit) of associate      |          | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -               | -   | -                      | -                      |
| <b>Surplus/(Deficit)</b>                      | <b>1</b> | <b>5,726</b>        | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>2,752</b>  | <b>(17,733)</b> | <b>15,516</b>                                 | <b>16,230</b>          | <b>16,976</b>          |

**Table 40 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

[illegible]



**Table 41 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

EC154 Port St Johns - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

| Description   | Ref | Budget Year 2020/21 |        |       |         |       |       |         |       |       |       |       |        | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|-----|---------------------|--------|-------|---------|-------|-------|---------|-------|-------|-------|-------|--------|---|------------------------|------------------------|
|   |     | July                | August | Sept. | October | Nov.  | Dec.  | January | Feb.  | March | April | May   | June   | Budget Year 2020/21                           | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>Capital Expenditure - Functional</b>   | 1   |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| <b>Governance and administration</b>  |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Executive and council   |     | 72                  | 72     | 72    | 72      | 72    | 72    | 72      | 72    | 72    | 72    | 72    | 5,171  | 5,965   | 6,239                  | 6,526                  |
| Finance and administration  |     | 28                  | 28     | 28    | 28      | 28    | 28    | 28      | 28    | 28    | 28    | 28    | 28     | 340   | 356                    | 372                    |
| Internal audit  |     | 44                  | 44     | 44    | 44      | 44    | 44    | 44      | 44    | 44    | 44    | 44    | 5,142  | 5,883   | 6,154                  |                        |
| <b>Community and public safety</b>  |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Community and social services   |     | 217                 | 217    | 217   | 217     | 217   | 217   | 217     | 217   | 217   | 217   | 217   | 3,040  | 5,423   | 5,672                  | 5,933                  |
| Sport and recreation  |     | 217                 | 217    | 217   | 217     | 217   | 217   | 217     | 217   | 217   | 217   | 217   | 3,040  | 5,423   | 5,672                  | 5,933                  |
| Public safety   |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Housing   |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Health  |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| <b>Economic and environmental services</b>  |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Planning and development  |     | 5,374               | 5,374  | 5,374 | 5,374   | 5,374 | 5,374 | 5,374   | 5,374 | 5,374 | 5,374 | 5,374 | 28,489 | 87,597  | 91,627                 | 95,842                 |
| Road transport  |     | 4                   | 4      | 4     | 4       | 4     | 4     | 4       | 4     | 4     | 4     | 4     | 4      | 53  | 55                     | 57                     |
| Environmental protection  |     | 5,369               | 5,369  | 5,369 | 5,369   | 5,369 | 5,369 | 5,369   | 5,369 | 5,369 | 5,369 | 5,369 | 28,484 | 87,545  | 91,572                 | 95,784                 |
| <b>Trading services</b>   |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Energy sources  |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Water management  |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Waste water management  |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Waste management  |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| <b>Other</b>  |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| <b>Total Capital Expenditure - Functional</b>   | 2   | 5,662               | 5,662  | 5,662 | 5,662   | 5,662 | 5,662 | 5,662   | 5,662 | 5,662 | 5,662 | 5,662 | 36,699 | 98,984  | 103,538                | 108,300                |
| <b>Funded by:</b>   |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| National Government   |     | 3,170               | 3,170  | 3,170 | 3,170   | 3,170 | 3,170 | 3,170   | 3,170 | 3,170 | 3,170 | 3,170 | 3,170  | 38,040  | 39,790                 | 41,620                 |
| Provincial Government   |     | 1,756               | 1,756  | 1,756 | 1,756   | 1,756 | 1,756 | 1,756   | 1,756 | 1,756 | 1,756 | 1,756 | 25,685 | 45,000  | 47,070                 | 49,235                 |
| District Municipality   |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial         |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Transfers recognised - capital  |     | 4,926               | 4,926  | 4,926 | 4,926   | 4,926 | 4,926 | 4,926   | 4,926 | 4,926 | 4,926 | 4,926 | 28,855 | 83,040  | 86,860                 | 90,855                 |
| Borrowing   |     |                     |        |       |         |       |       |         |       |       |       |       |        |   |                        |                        |
| Internally generated funds  |     | 317                 | 317    | 317   | 317     | 317   | 317   | 317     | 317   | 317   | 317   | 317   | 12,453 | 15,944  | 16,678                 | 17,445                 |
| <b>June 2020 Funding</b>  |     | 5,243               | 5,243  | 5,243 | 5,243   | 5,243 | 5,243 | 5,243   | 5,243 | 5,243 | 5,243 | 5,243 | 41,308 | 98,984  | 103,538                | 108,300                |

**Table 42 MBRR SA30 - Budgeted monthly cash flow**

EC154 Port St Johns - Supporting Table SA30 Budgeted monthly cash flow

| MONTHLY CASH FLOWS   | Budget Year 2020/21 |        |        |        |         |          |          |         |          |        |        |        | Medium Term Revenue and Expenditure Framework |             |             |             |
|--|---------------------|--------|--------|--------|---------|----------|----------|---------|----------|--------|--------|--------|---|-------------|-------------|-------------|
|  | R thousand          | July   | August | Sept.  | October | November | December | January | February | March  | April  | May    | June  | Budget Year | Budget Year | Budget Year |
|  |                     |        |        |        |         |          |          |         |          |        |        |        |   | 2020/21     | +1 2021/22  | +2 2022/23  |
| Cash Receipts By Source  |                     |        |        |        |         |          |          |         |          |        |        |        |   |             |             |             |
| Property rates   | 330                 |        | 330    | 330    | 330     | 330      | 330      | 330     | 330      | 330    | 330    | 330    | 4,214   | 7,849       | 8,210       | 8,588       |
| Service charges - electricity revenue  | -                   |        | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Service charges - water revenue  | -                   |        | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Service charges - sanitation revenue   | -                   |        | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Service charges - refuse revenue   | -                   |        | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Rental of facilities and equipment   | 31                  |        | 31     | 31     | 31      | 31       | 31       | 31      | 31       | 31     | 31     | 31     | 633   | 978         | 1,023       | 1,070       |
| Interest earned - external investments   | 2                   |        | 2      | 2      | 2       | 2        | 2        | 2       | 2        | 2      | 2      | 2      | 6,482   | 6,499       | 6,798       | 7,111       |
| Interest earned - outstanding debtors  | 370                 |        | 370    | 370    | 370     | 370      | 370      | 370     | 370      | 370    | 370    | 370    | 349   | 4,414       | 4,617       | 4,830       |
| Dividends received   | 14                  |        | 14     | 14     | 14      | 14       | 14       | 14      | 14       | 14     | 14     | 14     | 1,988   | 2,144       | 2,243       | 2,346       |
| Fines, penalties and forfeits  | -                   |        | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Licences and permits   | -                   |        | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Agency services  | -                   |        | -      | 2      | 2       | 2        | 2        | 2       | 2        | 2      | 2      | 2      | 61  | 85          | 89          | 93          |
| Transfers and Subsidies - Operational  | 34,808              |        | 34,808 | 34,808 | 34,808  | 34,808   | 34,808   | 34,808  | 34,808   | 34,808 | 34,808 | 34,808 | 36,157  | 167,144     | 174,833     | 182,875     |
| Other revenue  | 617                 |        | 617    | 617    | 617     | 617      | 617      | 617     | 617      | 617    | 617    | 617    | 9,946   | 16,732      | 17,502      | 18,307      |
| Cash Receipts by Source  | 36,174              | 36,174 | 36,174 | 36,174 | 36,174  | 36,174   | 36,174   | 36,174  | 36,174   | 36,174 | 36,174 | 36,174 | 59,828  | 205,846     | 215,315     | 225,220     |
| Other Cash Flows by Source   |                     |        |        |        |         |          |          |         |          |        |        |        |   |             |             |             |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  | 3,170               | 3,170  | 3,170  | 3,170  | 3,170   | 3,170    | 3,170    | 3,170   | 3,170    | 3,170  | 3,170  | 3,170  | 3,170   | 38,040      | 39,790      | 41,620      |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Proceeds on Disposal of Fixed and Intangible Assets  | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Short term loans   | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Borrowing long term/refinancing  | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Increase (decrease) in consumer deposits   | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Decrease (increase) in non-current receivables   | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Decrease (increase) in non-current investments   | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Total Cash Receipts by Source  | 39,344              | 39,344 | 39,344 | 39,344 | 39,344  | 39,344   | 39,344   | 39,344  | 39,344   | 39,344 | 39,344 | 39,344 | 62,998  | 243,886     | 255,105     | 266,840     |
| Cash Payments by Type  |                     |        |        |        |         |          |          |         |          |        |        |        |   |             |             |             |
| Employee related costs   | 6,443               | 6,443  | 6,443  | 6,443  | 6,443   | 6,443    | 6,443    | 6,443   | 6,443    | 6,443  | 6,443  | 6,443  | 148,196                                       | 77,319      | 80,876      | 84,596      |
| Remuneration of councillors  | 1,021               | 1,021  | 1,021  | 1,021  | 1,021   | 1,021    | 1,021    | 1,021   | 1,021    | 1,021  | 1,021  | 1,021  | 2,247   | 13,477      | 14,097      | 14,745      |
| Finance charges  | 38                  | 38     | 38     | 38     | 38      | 38       | 38       | 38      | 38       | 38     | 38     | 38     | 864   | 451         | 471         | 493         |
| Bulk purchases - Electricity   | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Bulk purchases - Water & Sewer   | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Other materials  | 8                   | 8      | 8      | 8      | 8       | 8        | 8        | 8       | 8        | 8      | 8      | 8      | 207   | 294         | 308         | 322         |
| Contracted services  | 688                 | 688    | 688    | 688    | 688     | 688      | 688      | 688     | 688      | 688    | 688    | 688    | 7,335   | 14,905      | 15,590      | 16,307      |
| Transfers and grants - other municipalities  | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Transfers and grants - other   | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Other expenditure  | 6,395               | 6,395  | 6,395  | 6,395  | 6,395   | 6,395    | 6,395    | 6,395   | 6,395    | 6,395  | 6,395  | 6,395  | 147,075                                       | 76,735      | 80,265      | 83,957      |
| Cash Payments by Type  | 14,592              | 14,592 | 14,592 | 14,592 | 14,592  | 14,592   | 14,592   | 14,592  | 14,592   | 14,592 | 14,592 | 14,592 | 286,345                                       | 125,829     | 131,617     | 137,672     |
| Other Cash Flows/Payments by Type  |                     |        |        |        |         |          |          |         |          |        |        |        |   |             |             |             |
| Capital assets   | 4,025               | 4,025  | 4,025  | 4,025  | 4,025   | 4,025    | 4,025    | 4,025   | 4,025    | 4,025  | 4,025  | 4,025  | 36,671  | 100,984     | 105,630     | 110,489     |
| Repayment of borrowing   | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Other Cash Flows/Payments  | -                   | -      | -      | -      | -       | -        | -        | -       | -        | -      | -      | -      | -   | -           | -           | -           |
| Total Cash Payments by Type  | 18,617              | 18,617 | 18,617 | 18,617 | 18,617  | 18,617   | 18,617   | 18,617  | 18,617   | 18,617 | 18,617 | 18,617 | 249,674                                       | 24,845      | 25,988      | 27,183      |
| NET INCREASE/(DECREASE) IN CASH HELD   | 20,727              | 20,727 | 20,727 | 20,727 | 20,727  | 20,727   | 20,727   | 20,727  | 20,727   | 20,727 | 20,727 | 20,727 | 312,671                                       | 288,731     | 281,093     | 294,023     |

## **6.46 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, there was one contract are awarded beyond the medium-term revenue and expenditure framework (three years) which is banking services.

## **6.47 Capital expenditure details**

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 43 MBRR SA 34a - Capital expenditure on new assets by asset class**

EC154 Port St Johns - Supporting Table SA34a Capital expenditure on new assets by asset class

| Description  |  | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand   |  | 1   | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| Capital expenditure on new assets by Asset Class/Sub-class |  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure   |  |     | —               | 58,171          | 63,711          | 77,327               | 1,000           | —                  | 1,000   | 1,046                  | 1,094                  |
| Roads Infrastructure                                       |  |     | —               | 58,496          | 93,943          | 34,345               | —               | —                  | —   | —                      | —                      |
| Roads  |  |     | —               | 58,496          | 93,943          | 34,345               | —               | —                  | —   | —                      | —                      |
| Road Structures  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Road Furniture   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Capital Spares   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Storm water Infrastructure                                 |  |     | —               | —               | (23,379)        | 33,780               | —               | —                  | —   | —                      | —                      |
| Drainage Collection  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Storm water Conveyance                                     |  |     | —               | —               | (23,379)        | 33,780               | —               | —                  | —   | —                      | —                      |
| Attenuation  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Electrical Infrastructure                                  |  |     | —               | —               | (9,778)         | 9,202                | 1,000           | —                  | —   | —                      | —                      |
| Power Plants   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| HV Substations   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| HV Switching Station                                       |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| HV Transmission Conductors                                 |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| MV Substations   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| MV Switching Stations                                      |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| MV Networks  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| LV Networks  |  |     | —               | —               | (9,778)         | —                    | —               | —                  | —   | —                      | —                      |
| Capital Spares   |  |     | —               | —               | —               | 9,202                | 1,000           | —                  | —   | —                      | —                      |
| Water Supply Infrastructure                                |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Dams and Weirs   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Boreholes  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Reservoirs   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Pump Stations  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Water Treatment Works                                      |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Bulk Mains   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Distribution   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Distribution Points  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| PRV Stations   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Capital Spares   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Sanitation Infrastructure                                  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Pump Station   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Retreatment  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Waste Water Treatment Works                                |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Outfall Sewers   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Toilet Facilities  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Capital Spares   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Solid Waste Infrastructure                                 |  |     | —               | (325)           | 2,926           | —                    | —               | —                  | —   | —                      | —                      |
| Landfill Sites   |  |     | —               | (325)           | 2,926           | —                    | —               | —                  | —   | —                      | —                      |
| Waste Transfer Stations                                    |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Waste Processing Facilities                                |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Waste Drop-off Points                                      |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Waste Separation Facilities                                |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Electricity Generation Facilities                          |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Capital Spares   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Rail Infrastructure  |  |     | —               | —               | —               | —                    | —               | —                  | 1,000   | 1,046                  | 1,094                  |
| Rail Lines   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Rail Structures  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Rail Furniture   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Drainage Collection  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Storm water Conveyance                                     |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Attenuation  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| MV Substations   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| LV Networks  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Capital Spares   |  |     | —               | —               | —               | —                    | —               | —                  | 1,000   | 1,046                  | 1,094                  |
| Coastal Infrastructure                                     |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Sand Pumps   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Piers  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Revetments   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Promenades   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Capital Spares   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Information and Communication Infrastructure               |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Data Centres   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Core Layers  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Distribution Layers  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Capital Spares   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Community Assets   |  |     | —               | 8,560           | 218             | 2,468                | 2,178           | 50                 | 3,000   | 3,138                  | 3,282                  |
| Community Facilities                                       |  |     | —               | 9,549           | 133             | 616                  | 426             | 50                 | 600   | 628                    | 656                    |
| Halls  |  |     | —               | 591             | —               | 616                  | 80              | —                  | —   | —                      | —                      |
| Centres  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Crèches  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Clinics/Care Centres                                       |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Fire/Ambulance Stations                                    |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Testing Stations   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Museums  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Galleries  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Theatres   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Libraries  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Cemeteries/Crematoria                                      |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Police   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Parks  |  |     | —               | —               | 41              | —                    | 210             | —                  | —   | —                      | —                      |
| Public Open Space  |  |     | —               | 8,958           | 92              | —                    | 105             | —                  | 600   | 628                    | 656                    |
| Nature Reserves  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Public Abolition Facilities                                |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Markets  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Stalls   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Abattoirs  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Airports   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Taxi Ranks/Bus Terminals                                   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Capital Spares   |  |     | —               | —               | —               | —                    | 50              | 50                 | —   | —                      | —                      |
| Sport and Recreation Facilities                            |  |     | —               | 11              | 83              | 1,853                | 1,753           | —                  | 2,400   | 2,510                  | 2,626                  |
| Indoor Facilities  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Outdoor Facilities   |  |     | —               | 11              | 83              | 1,853                | 1,753           | —                  | 2,400   | 2,510                  | 2,626                  |
| Capital Spares   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Heritage assets  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Monuments  |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Historic Buildings   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Works of Art   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Conservation Areas   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Other Heritage   |  |     | —               | —               | —               | —                    | —               | —                  | —   | —                      | —                      |
| Investment properties                                      |  |     | —               | —               | —               | 17,050               | —               | —                  | —   | —                      | —                      |
| Revenue Generation   |  |     | —               | —               | —               | 17,050               | —               | —                  | —   | —                      | —                      |

June 2020



**Table 44 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

In terms of the infrastructure Management Policy, there was no contract that were awarded on renewal of assets

## EC154 Port St Johns - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

| Description  | Ref        | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |            | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
|  | R thousand | 1               |                 |                 |                      |                 |                    |   |                        |                        |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class |            |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure   |            | -               | 212,449         | (153,855)       | -                    | 100,483         | -                  | 85,704  | 89,646                 | 93,770                 |
| Roads Infrastructure   |            | -               | 223,475         | (163,936)       | -                    | 86,352          | -                  | 80,798  | 84,515                 | 88,402                 |
| Roads  |            | -               | 223,475         | (163,936)       | -                    | 86,352          | -                  | 80,798  | 84,515                 | 88,402                 |
| Road Structures  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Road Furniture   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Infrastructure   |            | -               | (264)           | -               | -                    | -               | -                  | -   | -                      | -                      |
| Drainage Collection  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Conveyance   |            | -               | (264)           | -               | -                    | -               | -                  | -   | -                      | -                      |
| Attenuation  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electrical Infrastructure  |            | -               | (10,762)        | 10,081          | -                    | 14,131          | -                  | 3,906   | 4,086                  | 4,274                  |
| Power Plants   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Substations   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Switching Station   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| HV Transmission Conductors   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Substations   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Switching Stations  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Networks  |            | -               | (10,762)        | 10,081          | -                    | 14,131          | -                  | 3,906   | 4,086                  | 4,274                  |
| LV Networks  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Supply Infrastructure  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Dams and Weirs   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Boreholes  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Reservoirs   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Pump Stations  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Water Treatment Works  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Bulk Mains   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Distribution   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Distribution Points  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| PRV Stations   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Sanitation Infrastructure  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Pump Station   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Reticulation   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste Water Treatment Works  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Outfall Sewers   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Toilet Facilities  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Solid Waste Infrastructure   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Landfill Sites   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste Transfer Stations  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste Processing Facilities  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste Drop-off Points  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste Separation Facilities  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electricity Generation Facilities  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Rail Infrastructure  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Rail Lines   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Rail Structures  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Rail Furniture   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Drainage Collection  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Storm water Conveyance   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Attenuation  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| MV Substations   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| LV Networks  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Capital Spares   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| June 2020  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Coastal Infrastructure   |            | -               | -               | -               | -                    | -               | -                  | 1,000   | 1,046                  | 1,094                  |
| Sand Pumps   |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Piers  |            | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |

June 2020

**Table 45 MBRR SA34c - Repairs and maintenance expenditure by asset class**

EC154 Port St Johns - Supporting Table SA34c Repairs and maintenance expenditure by asset class

| Description | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|-------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|             |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |

R thousand

| Repairs and maintenance expenditure by Asset Class/Sub-class |  |       |       |       |       |       |   |       |       |       |
|--|--|-------|-------|-------|-------|-------|---|-------|-------|-------|
| <b>Infrastructure</b>  |  | 3,373 | 3,821 | 4,227 | 9,174 | 9,174 | - | 7,052 | 7,377 | 7,716 |
| Roads Infrastructure   |  | -     | -     | -     | -     | -     | - | 430   | 450   | 471   |
| Roads  |  | -     | -     | -     | -     | -     | - | -     | -     | -     |
| Road Structures  |  | -     | -     | -     | -     | -     | - | -     | -     | -     |
| Road Furniture   |  | -     | -     | -     | -     | -     | - | 430   | 450   | 471   |
| Capital Spares   |  | -     | -     | -     | -     | -     | - | -     | -     | -     |
| Storm water Infrastructure                                   |  | 3,373 | 3,821 | 4,227 | 9,174 | 9,174 | - | 6,622 | 6,927 | 7,245 |
| Drainage Collection  |  | 3,373 | 3,821 | 4,227 | 9,174 | 9,174 | - | 6,622 | 6,927 | 7,245 |
| Storm water Conveyance                                       |  | -     | -     | -     | -     | -     | - | -     | -     | -     |
| Attenuation  |  | -     | -     | -     | -     | -     | - | -     | -     | -     |

**Table 46 MBRR SA35 - Future financial implications of the capital budget**

## EC154 Port St Johns - Supporting Table SA35 Future financial implications of the capital budget

| Vote Description<br>R thousand                 | Ref | 2020/21 Medium Term Revenue & Expenditure Framework |                           |                           | Forecasts           |                     |                     |                  |
|--|-----|---|---------------------------|---------------------------|---------------------|---------------------|---------------------|------------------|
|  |     | Budget Year<br>2020/21                              | Budget Year<br>+1 2021/22 | Budget Year<br>+2 2022/23 | Forecast<br>2023/24 | Forecast<br>2024/25 | Forecast<br>2025/26 | Present<br>value |
| <b>Capital expenditure</b>                     | 1   |   |                           |                           |                     |                     |                     |                  |
| Vote 8 - LED (21: CS)                          |     | -   | -                         | -                         |                     |                     |                     |                  |
| Vote 9 - Community Services (24: CS)           |     | -   | -                         | -                         |                     |                     |                     |                  |
| Vote 10 - Infrastructural Engineering (28: CS) |     | -   | -                         | -                         |                     |                     |                     |                  |
| Vote 11 - Executive AND Council (30: CS)       |     | -   | -                         | -                         |                     |                     |                     |                  |
| Vote 12 - LED (31: CS)                         |     | 53  | 55                        | 58                        |                     |                     |                     |                  |
| Vote 13 - Municipal Manager (32: CS)           |     | -   | -                         | -                         |                     |                     |                     |                  |
| Vote 14 - Corporate Services (33: CS)          |     | 2,000   | 1,000                     | 500                       |                     |                     |                     |                  |
| Vote 15 - Community Services (34: CS)          |     | 5,070   | 3,741                     | 3,921                     |                     |                     |                     |                  |
| Vote 16 - Financial Services (36: CS)          |     | -   | -                         | -                         |                     |                     |                     |                  |
| Vote 17 - Infrastructural Engineering (38: CS) |     | 49,191  | 56                        | 58                        |                     |                     |                     |                  |
| 0  |     | -   | -                         | -                         |                     |                     |                     |                  |
| 0  |     | -   | -                         | -                         |                     |                     |                     |                  |
| 0  |     | -   | -                         | -                         |                     |                     |                     |                  |
| 0  |     | -   | -                         | -                         |                     |                     |                     |                  |
| 0  |     | -   | -                         | -                         |                     |                     |                     |                  |
| List entity summary if applicable              |     |   |                           |                           |                     |                     |                     |                  |
| <b>Total Capital Expenditure</b>               |     | <b>56,313</b>                                       | <b>4,852</b>              | <b>4,537</b>              | -                   | -                   | -                   | -                |
| <b>Future operational costs by vote</b>        | 2   |   |                           |                           |                     |                     |                     |                  |
| Vote 8 - LED (21: CS)                          |     |   |                           |                           |                     |                     |                     |                  |
| Vote 9 - Community Services (24: CS)           |     |   |                           |                           |                     |                     |                     |                  |
| Vote 10 - Infrastructural Engineering (28: CS) |     |   |                           |                           |                     |                     |                     |                  |
| Vote 11 - Executive AND Council (30: CS)       |     |   |                           |                           |                     |                     |                     |                  |
| Vote 12 - LED (31: CS)                         |     |   |                           |                           |                     |                     |                     |                  |
| Vote 13 - Municipal Manager (32: CS)           |     |   |                           |                           |                     |                     |                     |                  |
| Vote 14 - Corporate Services (33: CS)          |     |   |                           |                           |                     |                     |                     |                  |
| Vote 15 - Community Services (34: CS)          |     |   |                           |                           |                     |                     |                     |                  |
| Vote 16 - Financial Services (36: CS)          |     |   |                           |                           |                     |                     |                     |                  |
| Vote 17 - Infrastructural Engineering (38: CS) |     |   |                           |                           |                     |                     |                     |                  |
| 0  |     |   |                           |                           |                     |                     |                     |                  |
| 0  |     |   |                           |                           |                     |                     |                     |                  |
| 0  |     |   |                           |                           |                     |                     |                     |                  |
| 0  |     |   |                           |                           |                     |                     |                     |                  |
| 0  |     |   |                           |                           |                     |                     |                     |                  |
| List entity summary if applicable              |     |   |                           |                           |                     |                     |                     |                  |
| <b>Total future operational costs</b>          |     | -   | -                         | -                         | -                   | -                   | -                   | -                |
| <b>Future revenue by source</b>                | 3   |   |                           |                           |                     |                     |                     |                  |
| Property rates                                 |     |   |                           |                           |                     |                     |                     |                  |
| Service charges - electricity revenue          |     |   |                           |                           |                     |                     |                     |                  |
| Service charges - water revenue                |     |   |                           |                           |                     |                     |                     |                  |
| Service charges - sanitation revenue           |     |   |                           |                           |                     |                     |                     |                  |
| Service charges - refuse revenue               |     |   |                           |                           |                     |                     |                     |                  |
| Rental of facilities and equipment             |     |   |                           |                           |                     |                     |                     |                  |
| List other revenues sources if applicable      |     |   |                           |                           |                     |                     |                     |                  |
| List entity summary if applicable              |     |   |                           |                           |                     |                     |                     |                  |
| <b>Total future revenue</b>                    |     | -   | -                         | -                         | -                   | -                   | -                   | -                |
| <b>Net Financial Implications</b>              |     | <b>56,313</b>                                       | <b>4,852</b>              | <b>4,537</b>              | -                   | -                   | -                   | -                |



[illegible]



## 6.48 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.
2. Internship programme  
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns two has been appointed permanently from June 2017. The municipality has appointed five interns from the 01 August 2018.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA, However there are critical posts that are vacant such as Budget and reporting accountant, Income accountant; Budget and reporting clerk; Salaries Clerk, Expenditure clerk, Asset management clerk, Store controller; Free basic services clerk and Cashier.
4. Audit Committee  
An Audit and Risk Committee has been established and is fully functional. Municipality has four members
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2020/21 MTREF in May 2020 directly aligned and informed by the 2020/21 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements. Annual report was prepared and submitted to Auditor General, National Treasury, Provincial Treasury and COGTA.

## 6.49 Other supporting documents

Table 49 MBRR Table SA1 - Supporting detail to budgeted financial performance

EC154 Port St Johns - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

| Description   | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>REVENUE ITEMS:</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Property rates</b>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Property Rates  |     | 7,986           | 8,754           | 9,093           | 11,067               | 10,252          |                    |                   | 12,867  | 13,485                 | 14,132                 |
| less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA) |     | -               | -               | -               | 2,213                | 2,213           | -                  | -                 | 2,213   | 2,320                  | 2,431                  |
| Net Property Rates  |     | 7,986           | 8,754           | 9,093           | 8,854                | 8,039           | -                  | -                 | 10,654  | 11,165                 | 11,701                 |
| <b>Service charges - electricity revenue</b>  | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - electricity revenue   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| less Revenue Foregone (in excess of 50 kwh per indigent household per month)  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| less Cost of Free Basis Services (50 kwh per indigent household per month)  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net Service charges - electricity revenue   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Service charges - water revenue</b>  | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - water revenue   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)                                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| less Cost of Free Basis Services (6 kilolitres per indigent household per month)                                    |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net Service charges - water revenue   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Service charges - sanitation revenue</b>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total Service charges - sanitation revenue  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| less Revenue Foregone (in excess of free sanitation service to indigent households)                                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| less Cost of Free Basis Services (free sanitation service to indigent households)                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net Service charges - sanitation revenue  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Service charges - refuse revenue</b>   | 6   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total refuse removal revenue  |     | 804             | 863             | 1,022           | 1,052                | 1,052           | -                  | -                 | 1,604   | 1,681                  | 1,761                  |
| Total landfill revenue  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| less Revenue Foregone (in excess of one removal a week to indigent households)                                      |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| less Cost of Free Basis Services (removed once a week to indigent households)                                       |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Net Service charges - refuse revenue  |     | 804             | 863             | 1,022           | 1,052                | 1,052           | -                  | -                 | 1,604   | 1,681                  | 1,761                  |
| <b>Other Revenue by source</b>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Fuel Levy   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Other Revenue   |     | 5,956           | 840             | 2,725           | 20,659               | 33,083          | -                  | -                 | 16,732  | 17,535                 | 18,377                 |
| Total 'Other' Revenue   | 1   | 5,956           | 840             | 2,725           | 20,659               | 33,083          | -                  | -                 | 16,732  | 17,535                 | 18,377                 |

Table 50 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC154 Port St Johns - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

| Revenue By Source |   | Ref | Description | Vote 1 -<br>Executive AND<br>Council (20: IE) | Vote 2 - LED<br>(21: IE) | Vote 3 -<br>Municipal<br>Manager (22: IE) | Vote 4 -<br>Corporate<br>Services (23: IE) | Vote 5 -<br>Community<br>Services (24: IE) | Vote 6 -<br>Financial<br>Services (25: IE) | Vote 7 -<br>Infrastructure<br>Engineering (26: IE) | Vote 8 - LED<br>(27: CS) | Vote 9 -<br>Community<br>Services (28: CS) | Vote 10 -<br>Infrastructure<br>Engineering (29: CS) | Vote 11 -<br>Executive AND<br>Council (30: CS) | Vote 12 -<br>LED (31: CS) | Vote 13 -<br>Municipal<br>Manager (32: CS) | Vote 14 -<br>Corporate<br>Services (33: CS) | Vote 15 -<br>Community<br>Services (34: CS) | Total    |
|-------------------|---|-----|-------------|---|--------------------------|---|--|--|--|--|--------------------------|--|---|--|---------------------------|--|---|---|----------|
| R thousand        |   | 1   |             |   |                          |   |  |  |  |  |                          |  |   |  |                           |  |   |   |          |
|                   | Property rates  |     |             | -   | -                        | -   | -  | -  | 10,654                                     | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 10,654   |
|                   | Service charges - electricity revenue   |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Service charges - water revenue   |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Service charges - sanitation revenue  |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Service charges - refuse revenue  |     |             | -   | -                        | -   | -  | 1,604                                      | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 1,604    |
|                   | Rental of facilities and equipment  |     |             | -   | -                        | -   | -  | -  | 55   | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 55       |
|                   | Interest earned - external investments  |     |             | -   | -                        | -   | -  | -  | 4,414                                      | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 4,414    |
|                   | Interest earned - outstanding debtors   |     |             | -   | -                        | -   | -  | -  | 3,516                                      | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 3,516    |
|                   | Dividends received  |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Fines, penalties and forfeits   |     |             | -   | -                        | -   | -  | -  | 52   | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 52       |
|                   | Licences and permits  |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Agency services   |     |             | -   | -                        | -   | -  | -  | 65   | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 65       |
|                   | Other revenue   |     |             | -   | -                        | -   | 1,212                                      | -  | 15,462                                     | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 16,732   |
|                   | Transfers and subsidies   |     |             | 26,434  | 10,588                   | 11,660                                    | 7,226                                      | 14,370                                     | 17,137                                     | 79,354   | -                        | -  | -   | -  | -                         | -  | -   | -   | 167,370  |
|                   | Gains   |     |             | -   | -                        | -   | -  | 222  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 222      |
|                   | Total Revenue (excluding capital transfers and contributions)   |     |             | 26,434  | 10,588                   | 11,660                                    | 8,438                                      | 16,005                                     | 31,545                                     | 79,354   | -                        | -  | -   | -  | -                         | -  | -   | -   | 203,704  |
|                   | Expenditure By Type   |     |             |   |                          |   |  |  |  |  |                          |  |   |  |                           |  |   |   |          |
|                   | Employee related costs  |     |             | 7,322   | 5,008                    | 4,782                                     | 5,044                                      | 19,935                                     | 6,941                                      | 13,972   | -                        | -  | -   | -  | -                         | -  | -   | -   | 63,005   |
|                   | Remuneration of councillors   |     |             | 18,965  | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 18,965   |
|                   | Deduction of councillors  |     |             | -   | -                        | -   | -  | -  | 5,000                                      | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 5,000    |
|                   | Depreciation & asset impairment   |     |             | 762   | 406                      | 210                                       | 734  | 772  | 597  | 34,302   | -                        | -  | -   | -  | -                         | -  | -   | -   | 37,785   |
|                   | Finance charges   |     |             | -   | -                        | -   | -  | -  | 451  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 451      |
|                   | Bulk purchases  |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Other materials   |     |             | -   | 100                      | -   | 44   | 150  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 294      |
|                   | Contracted services   |     |             | 390   | -                        | 2,519                                     | 980  | 650  | 10,250                                     | 116  | -                        | -  | -   | -  | -                         | -  | -   | -   | 14,905   |
|                   | Transfers and subsidies   |     |             | 2,000   | 10,740                   | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | 12,740   |
|                   | Other expenditure   |     |             | 10,562  | 3,626                    | 9,911                                     | 8,602                                      | 11,731                                     | 13,021                                     | 14,591   | -                        | -  | -   | -  | -                         | -  | -   | -   | 72,065   |
|                   | Losses  |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Total Expenditure   |     |             | 30,642  | 20,270                   | 17,421                                    | 15,404                                     | 33,229                                     | 36,259                                     | 62,381   | -                        | -  | -   | -  | -                         | -  | -   | -   | 225,226  |
|                   | Surplus/(Deficit)   |     |             | (13,218)                                      | (9,682)                  | (5,761)                                   | (6,966)                                    | (17,154)                                   | 15,286                                     | 16,973   | -                        | -  | -   | -  | -                         | -  | -   | -   | (20,326) |
|                   | Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)                             |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)                             |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)                             |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |     |             | -   | -                        | -   | -  | -  | -  | -  | -                        | -  | -   | -  | -                         | -  | -   | -   | -        |
|                   | Transfers and subsidies - capital (in-kind - all contributions)   |     |             | (13,218)                                      | (9,682)                  | (5,761)                                   | (6,966)                                    | (17,154)                                   | 15,286                                     | 16,973   | -                        | -  | -   | -  | -                         | -  | -   | -   | 62,516   |

**Table 51 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

EC154 Port St Johns - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

| Table 15: Supporting table 5A3 Supporting details to Budgeted Financial Position |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description  | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| R thousand   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>ASSETS</b>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Consumer debtors</b>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Consumer debtors   |     | 1,061           | 820             | 1,274           | 12,119               | 11,949          | -                  | -                 | 16,594  | 17,390                 | 18,225                 |
| Less: Provision for debt impairment  |     | -               | -               | -               | (232)                | (232)           | -                  | -                 | (5,000)   | (5,240)                | (5,492)                |
| <b>Total Consumer debtors</b>  | 2   | 1,061           | 820             | 1,274           | 11,887               | 11,717          | -                  | -                 | 11,594  | 12,150                 | 12,733                 |
| <b>Debt impairment provision</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Balance at the beginning of the year   |     | -               | -               | -               | (5,018)              | (5,018)         | -                  | -                 | -   | -                      | -                      |
| Contributions to the provision   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Bad debts written off  |     | -               | -               | -               | -                    | -               | -                  | -                 | (5,000)   | (5,240)                | (5,492)                |
| <b>Balance at end of year</b>  |     | -               | -               | -               | (5,018)              | (5,018)         | -                  | -                 | (5,000)   | (5,240)                | (5,492)                |
| <b>Property, plant and equipment (PPE)</b>                                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| PPE at cost/valuation (excl. finance leases)                                     |     | 395,294         | 411,573         | 464,846         | 488,003              | 510,925         | -                  | -                 | 480,431   | 449,366                | 468,699                |
| Leases recognised as PPE   | 3   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Less: Accumulated depreciation   |     | -               | -               | -               | 7,083                | 6,778           | -                  | -                 | 27,951  | 29,293                 | 30,699                 |
| <b>Total Property, plant and equipment (PPE)</b>                                 | 2   | 395,294         | 411,573         | 464,846         | 480,920              | 504,147         | -                  | -                 | 452,480   | 420,074                | 438,000                |
| <b>LIABILITIES</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Current liabilities - Borrowing</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Short term loans (other than bank overdraft)                                     |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Current portion of long-term liabilities   |     | 95              | 319             | 378             | 226                  | 226             | -                  | -                 | -   | -                      | -                      |
| <b>Total Current liabilities - Borrowing</b>                                     |     | 95              | 319             | 378             | 226                  | 226             | -                  | -                 | -   | -                      | -                      |
| <b>Trade and other payables</b>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Trade Payables   | 5   | 27,222          | 37,809          | 40,104          | 20,037               | 20,037          | -                  | -                 | 40,104  | 42,029                 | 44,046                 |
| Other creditors  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Unspent conditional transfers  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| VAT  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Trade and other payables</b>  | 2   | 27,222          | 37,809          | 40,104          | 20,037               | 20,037          | -                  | -                 | 40,104  | 42,029                 | 44,046                 |
| <b>Non current liabilities - Borrowing</b>                                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Borrowing  | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Finance leases (including PPP asset element)                                     |     | 1,952           | 2,180           | 2,381           | 2,146                | 2,146           | -                  | -                 | -   | -                      | -                      |
| <b>Total Non current liabilities - Borrowing</b>                                 |     | 1,952           | 2,180           | 2,381           | 2,146                | 2,146           | -                  | -                 | -   | -                      | -                      |
| <b>Provisions - non-current</b>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Retirement benefits  |     | -               | -               | -               | 2,631                | 2,631           | -                  | -                 | -   | -                      | -                      |
| Refuse landfill site rehabilitation  |     | -               | -               | -               | 5,150                | 5,150           | -                  | -                 | 5,583   | 5,851                  | 6,132                  |
| Other  |     | 7,408           | 14,276          | 15,716          | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Provisions - non-current</b>  |     | 7,408           | 14,276          | 15,716          | 7,781                | 7,781           | -                  | -                 | 5,583   | 5,851                  | 6,132                  |
| <b>CHANGES IN NET ASSETS</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Accumulated Surplus/(Deficit)</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Accumulated Surplus/(Deficit) - opening balance                                  |     | -               | -               | 446,242         | 483,981              | 483,981         | -                  | -                 | 454,213   | 545,720                | 572,590                |
| GRAP adjustments   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Restated balance   |     | -               | -               | 446,242         | 483,981              | 483,981         | -                  | -                 | 454,213   | 545,720                | 572,590                |
| Surplus/(Deficit)  |     | 48,409          | 18,962          | 65,964          | 49,725               | 81,701          | -                  | -                 | 62,516  | 23,009                 | 21,255                 |
| Transfers to/from Reserves   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Depreciation offsets   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other adjustments  |     | -               | -               | -               | -                    | -               | -                  | -                 | 38,755  | (29,017)               | (31,086)               |
| <b>Accumulated Surplus/(Deficit)</b>   | 1   | 48,409          | 18,962          | 512,206         | 533,706              | 565,682         | -                  | -                 | 555,485   | 539,711                | 562,759                |
| <b>Reserves</b>  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Housing Development Fund   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Capital replacement  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Self-insurance   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other reserves   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Revaluation  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Reserves</b>  | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>   | 2   | 48,409          | 18,962          | 512,206         | 533,706              | 565,682         | -                  | -                 | 555,485   | 539,711                | 562,759                |

**Table 52 MBRR SA32 – List of external mechanisms**

EC154 Port St Johns - Supporting Table SA32 List of external mechanisms

| External mechanism<br><br>Name of organisation | Yrs/<br>Mths | Period of<br>agreement 1. | Service provided | Expiry date of<br>service delivery<br>agreement or<br>contract | Monetary<br>value of<br>agreement 2. |
|--|--------------|---------------------------|------------------|--|--------------------------------------|
|  |              | Number                    |                  |  | R thousand                           |
|  |              |                           |                  |  |                                      |

**6.50 Municipal manager's quality certificate**

I H.T Hlazo, Municipal manager of Port st Johns municipality, hereby certify that the Annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name H.T HLAZO

Municipal manager of Port st Johns municipality (EC154)

Signature 

Date 30/06/2020



